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Rep. Kunkel Finds British Indifferent About Bretton Woods

Member of House Banking and Currency Committee Also Tells "Chronicle" Representative That British Are Not Fazed by Blocked Sterling and Other War-Created Problems. Canadian Opinion Favorable to International Monetary Fund and House Banking Committee Is Expected to Recommend Adoption of Program.

Rep. John C. Kunkel

WASHINGTON, D. C.—Representative John C. Kunkel (R.) of Pennsylvania, a member of the House Banking and Currency Committee, which has been holding hearings on the Bretton Woods program, returned a few days ago from nearly a month's trip to Canada, Great Britain, France and Germany. During his trip Mr. Kunkel talked with Governor Graham Towers of the Bank of Canada, Lord John Maynard Keynes of the British Treasury, and other financiers in and out of government.

(Continued on page 1966)

Index of Regular Features on page 1972.

Foreign Trade Financing Problems

By RUDOLPH BERDACH
Manager, Foreign Department
The National Safety Bank and Trust Company of New York

Writer Cautions Against Expectation of Heavy Post-War U. S. Exports, Because of Large Dollar Balances Held Abroad. Contends That These Balances Will Be Used Mainly to Support Domestic Currencies. Does Not Look for Greatly Increased Imports as a Basis for Larger Exports Because of the Inelastic Nature of Our Imports of Raw Materials and Because of Our Unwillingness to Lower Tariffs to Permit Importation of Manufactured Goods. Sees Difficulties in Foreign Trade Financing in This Country Unless We Are Prepared to Grant Permanent Long-Term Loans as Well as Short-Term Credits.

Among the goals set for our post-war economy exports hold a prominent place with about ten billion dollars.

Rudolph Berdach

It is generally believed, that there is a reasonable chance to reach this goal. The gigantic reconstruction job to be done in the devastated war-torn countries, the necessity of providing their industries with machinery and raw materials, the reconstruction of the transportation systems and the backlog of deferred demand in these countries, whose productive capacity for more than six years was wholly absorbed by war production, will create an immense demand for American goods. On the other hand there will be our enormously increased productive capacity, ready to satisfy this demand.

(Continued on page 1956)

Promise of the Future —Can We Muff It?

By DONALD B. WOODWARD*
Research Assistant to the President
The Mutual Life Insurance Company of New York

After Calling Attention to the Groundless Alarms in the Past Regarding the Public Debt and Other Adverse Developments, Mr. Woodward Maintains That the Moral Stamina and Technical Ingenuity of the English Speaking Peoples Will Overcome These Setbacks, and We Should Not Be Despondent Regarding the Future. However, He Points Out Four Possibilities of "Muffiing": Viz. (1) Excessive Low Interest Rates, (2) Over-Pricing, (3) Misguided Pursuit of Nationalism, and (4) Excessive Governmental Intervention. Says Business Fluctuations Will Continue.

The period in which we live is filled with economic alarms, and cries of anguished apprehension resound in the land. Concern arises from many developments strange to our experience. The public debt has reached unprecedented heights and continues to mount. The price of gold has been changed, and there are rumors of further change. The reserve requirements of our central bank are being altered by law for the first time since that institution was

Donald B. Woodward

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*An address by Mr. Woodward before the American Institute of Real Estate Appraisers, New York City, April 26, 1945.

(Continued on page 1950)

San Francisco Conference Tussles With Economic Problems

By A. WILFRED MAY
Special Correspondent of the Commercial and Financial Chronicle

Knotty Questions of Trustee-Economic Relationships, Trade Standards, Labor Protection, Raw Materials, Monetary and Exchange Controls, and the Like Come Up for Consideration and Discussion. NAM Presses for Enlargement of Economic and Social Council. Molotov Wants Trade Union Congress in International Organization. Asst. Secretary of Treasury Harry White Says Bretton Woods Can Function Without Formal United Nations Organization and That Role of Gold Is Not Main Issue. He Decries Conflict Between British and American Viewpoints.

A. Wilfred May

SAN FRANCISCO, May 2.—While it had been thought by some before the opening of the Security Conference that the future control of raw materials under the trusteeship system would form an important part of the agenda, it can be said now on the highest authority that neither raw materials disposition nor trade agreement factors will be discussed here, although attempts will undoubtedly be made to introduce them. . . . The political angles of the trusteeship question assuredly will be knotty enough to settle. . . . The trustee-economic

(Continued on page 1964)

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A Proposed Treaty With Germany

By DR. MAX WINKLER

Former Economic Adviser, Senate Sub-Committee on Banking and Currency

Expert on European Affairs Recalls Harsh Terms Imposed by Germany on Rumania in World War I and Proposes That Similar Terms Be Inflicted on Germany. Would Have German Ports Controlled; German Foreign Firms Liquidated; the Ruhr, Saar, and Silesian Industrial Regions Segregated; as Well as the Imposition of Reparations and the Use of German Labor for Reconstruction. Calls for German Maintenance of Army of Occupation.

Advocates of a "hard" peace for Germany and those favoring a "soft" peace may render difficult the problem which will confront the victors after the conflict. What shall be done to the country which has caused so much agony in the world? One thing is certain: The victors owe it to future generations to make it impossible for Germany ever again to repeat the ghastly spectacle of 1914 and 1939.

Dr. Max Winkler

According to the Scriptures, "Whatsoever ye would that men should do to you, do ye even so to them: for this is the law." Why cannot this principle be applied to Germany? It will be recalled that in May, 1918, the German armies, after crushing Rumania, signed the Treaty of Bucharest which ended the war between the Reich and the Balkan Kingdom. The terms were drafted by Berlin, and Rumania, whether she liked it or not, was told to sign on the dotted line. Why cannot this treaty, made in Germany by Germans, serve as a basis for a treaty to be submitted to the Germans for acceptance? One also recalls the well-known Latin adage, *Fas Ab Hoste Doceri*, which may be freely rendered thus: "It is your duty to learn from your enemy." In other words, let the Treaty of Bucharest teach us how to draft our treaty with Germany after our victory over her.

Salient features of the Bucharest Treaty and necessary adjustments of the proposed treaty for Germany are presented hereunder:

(Continued on page 1955)

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W. E. Dodd Opens Own Firm in Providence

PROVIDENCE, R. I.—W. Earl Dodd has formed his own investment banking firm and will do business under the name of W. Earl Dodd & Company. Mr. Dodd for the past ten years has been deputy city clerk and city clerk of Providence. Prior thereto he was engaged in the investment business in Providence for more than twelve years. He has been associated with a Providence investment house since he left his city post some months ago.

Ayres Warns Against Premature Attempts at Exchange Control

Recalls We Had an Informal but Real International Monetary Fund to Peg Foreign Exchanges After World War I and It Broke Down, Causing a Revision From an Export Boom to Deflationary Collapse. Says It Was Due to Use of Strong Currencies to Support Weak Currencies. Urges Nations Put Domestic Economies in Order Before Fixing Exchange Rates. Holds "Hard" Way Will Prove Easiest in Long Run.

In a prepared statement made on May 1 to the House Banking and Currency Committee, having under consideration the bill to adopt the Bretton Woods pact, Brigadier General Leonard P. Ayres, Executive Vice President of the Cleveland Trust Company and Chairman of the Economic Policy Commission of the American Bankers Association, drew a parallel between the conditions following the last war when through pegging of European currencies and through loans to foreign governments efforts were made to stabilize exchange rates and encourage the purchase of American goods abroad. This policy, Mr. Ayres maintained was an "informal" but none the less real International Monetary Fund, and the fact that it soon broke down is a warning that the same result will follow in taking a similar line of action after this war.

Leonard P. Ayres

The text of General Ayres statement follows:

After the First World War this country made two serious economic errors. The first one was that we financed an export boom while this country was still short of goods. The inevitable result was inflation, which we had in 1919 and 1920. It was followed by the depression of 1921. Our other economic error was that we spent, and lost, billions of dollars in supporting weak foreign exchanges of nations that had not yet made serious efforts to put their economic affairs in order following the war. These experiences warrant us in examining with care and caution the proposal that we should try similar experiments following this war.

In 1917 the Congress authorized the Treasury Department to lend the European Allies 10 billion dollars. Approximately seven billions of this total had been lent by the time of the Armistice. Nearly all of the remaining three billions was lent by the middle of 1919. During the first four months after the Armistice the funds that were lent to Great Britain were used to peg sterling exchange. The firm of J. P. Morgan and Co., as agent for the British Government, used the dollars drawn from the United States Treasury to buy sterling exchange offered in the market, and by that purchasing held sterling exchange at a fixed rate.

Others of the European Allies also were receiving loans from the United States Treasury, and they were using them to support their currencies in the foreign exchange market. During the first

(Continued on page 1949)

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Schram Warns Tax on Speculation Is Inflationary

Stock Exchange Head Tells House Committee That, Because of Large Amount of Capital Awaiting Investment and the Need for New Capital in Industry, Marketability of Securities Is Highly Essential. Proposes Seven Changes in Securities and Exchange Act.

Emil Schram

Testifying before the special House committee on Post-War Economic Policy and Planning on April 27, Emil Schram, President of the New York Stock Exchange, stated that although he was in favor of curbing runaway securities prices, he was opposed to a capital gains tax of 90% on transactions in real estate and securities on the ground that it might prove inflationary rather than deflationary. Mr. Schram stressed the need in the post-war period for attractive outlets for venture capital and the necessity of having a market for the negotiability of securities and a free flow of capital. Before beginning his testimony Mr. Schram submitted the following prepared statement to the committee:

It is most gratifying to me, and I am sure to the representatives of business generally, that this able committee is addressing itself to the problems of the approaching transition and the early post-war period. I welcome the opportunity to offer some comments and observations, particularly as to the role of the securities markets in facilitating the flow of capital into industry.

As we emerge from war to a peace-time economy, the problems of readjustment will demand the same type of unity which has developed in the prosecution of the war and will require managerial skill and resourcefulness equal to those which are being applied in winning the war. Obviously, in the course of readjustment the transfer of personnel and equipment from various types of production to other types will necessitate the employment not only of short-term capital which may be obtained through the usual banking channels, but also long-term capital which can best be procured through recapitalization and the issuance of additional equity and debt securities.

It is impossible to predict how many billions of dollars will be required, but we do know that the demand will be of large proportions. Indeed, we may expect that the total of capital requirements will far exceed anything hitherto known in industry.

Private Funds Await Investment

Of one thing there seems to be no possible doubt—that the vast reservoirs of private funds built up over the past several years are awaiting an attractive outlet for investment and, irrespective of Government subsidies, the demand for the investment of venture capital will be great and will afford the most logical and, in the long run, the most economical method by which this capital financing may be accomplished.

It should be kept in mind in this connection that whereas the wealth of individuals in the form of cash, Government bonds, debt and equity securities, and other liquid assets, has reached the highest point in history, the corporate accumulations of liquid savings over the last 10 years has decreased. For instance, as of June 30, 1944, the holdings by individuals of cash and deposits was in excess of $84,000,000,000 and of United States Government securities over $46,000,000,000. On the other hand, while the earnings of industry have for the most part been the highest in history, the various tax and other restraints

(Continued on page 1945)

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Are Stock Prices Inflated?

"Investment Timing" Attacks the Eccles Theory That a 90% Capital Gains Tax Should Be Imposed to Restrict Speculation and Curb Inflation. Contends Stocks Have Not Materially Advanced During War and Are Low in Comparison With Advances in Many Economic Factors, and That Banning of Margin Accounts Would Merely Lead to Increased Borrowing on Collateral From Banks. Says a "Speculation Tax" Will Fail to Accomplish Its Purpose.

L. H. Bradshaw
Editor
"Investment Timing"

The stock market in recent weeks has had to contend with certain actions and statements apparently intended to restrict speculation and, by implication, cotinued advances in stock prices.

The Eccles Theory

Declaring that the entire stabilization program would be undermined if rising prices of farms, business properties and stocks were not checked, Marriner S. Eccles, Chairman of the Federal Reserve Board, advocated a 90% tax on capital gains derived from these sources. He asserted that there was nothing to stop the stock market and real estate from being bid up to any level, and that rural property had advanced 60% and urban property 40-50% in value over pre-war low levels and stocks 80% from the low point of 1942.

Increased margins have had practically no effect on prices generally, largely due to the fact that the majority of stock market transactions already were on a cash basis. While little enthusiasm has developed for the suggested 90% capital gains tax, with no legislation introduced in Congress to carry it out, there has been considerable discussion of

(Continued on page 1959)

Independent Bankers Association Favors Bretton Woods

Ben DuBois, Its President, Tells House Banking and Currency Committee That Proposals Will Aid in Expanding Exports of Surplus Products. Says Fund Agreement Is Elastic Enough to Permit Changes as Operational Experiences Require. Must Not Expect a Perfect Mechanism.

Ben Du Bois

Speaking for the Independent Bankers Association, Ben DuBois, of Sauk Centre, Minn., its secretary, told the House Banking and Currency Committee on April 26, that his organization was in favor of adoption of the Bretton Woods Proposals. "We are a country bank organization," said Mr. DuBois. "Our members are not international bankers, nor are their views influenced by those big bankers, who in the past have dominated the International Exchange World. The bankers we represent perhaps are not entirely familiar with the mechanism of international exchange but they know the general pattern and they are well aware of the inadequacy of the old system.

"It is the opinion of the Independent Bankers Association as expressed by its Executive Council—and perhaps our conclusions are arrived at instinctively—that the Bretton Woods Agreements are a definite step in the right direction. These Agreements amply protect the interests of the United States but at the same time, they are fair to the other nations of the world. We believe that the Fund and the Bank

(Continued on page 1953)

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"Futuristic Monetary Degeneracy" In Washington

By HERBERT M. BRATTER

Correspondent Observes That the Inflationary and Silver Blocs in and Out of Congress Are Attempting to Enforce Their Plans, While the Treasury Department Is Publicizing the "Spontaneous" Support of the Bretton Woods Proposals by Private Organizations. Points Out Federal Reserve Chairman Eccles' Arguments Against a Gold Reserve as a Move Toward Managed Currency and Concludes "That Congress May Exercise Its Power to Coin Our Money, but Greater Forces Determine the Value Thereof."

Herbert M. Bratter

The reporter of monetary and financial affairs has difficulty these days keeping up with Washington developments and the literature recording the committee hearings and floor debates. During the past week various witnesses pro and con have testified on Bretton Woods before the House Banking and Currency Committee, and the Senate debated and passed the bill reducing the reserve ratio for Federal Reserve notes and deposits, including with its action a vote to repeal the $3,000,000,000 greenback provision of the Thomas Amendment of 1933. The one step is a recognition of inflation that has occurred. The other surrenders an inflation power whose magnitude has been dwarfed by the financial history of the war.

Senator Elmer Thomas, author of that greenback amendment of 1933, is not only known as the Senate's most ardent inflationist, but also an important member of that cohesive bloc of Senators which has fathered the various silver subsidy laws of the past dozen years. The Thomas Amendment of 1933, in fact, included a provision authorizing the President to establish bimetallism. Why the Senate did not even discuss repeal of that unnecessary authorization when it repealed the greenback feature last week is a matter for surmise. On more than one occasion in recent years the Senate has legislated on monetary matters with a degree of confusion and inconsistency that can be attributed to log-rolling politics only in part—albeit usually large part.

Silver Bloc Has Plans

What has escaped general attention in the past week was Senator Thomas' participation in the debate on the reserve ratio reduction. In it the Oklahoma Senator gave public notice that he will propose a silver amendment to the Bretton Woods legislation, whenever the latter comes before the Senate. This is not surprising to anyone who has followed the doings of silver interests before, during, at, and since the Bretton Woods Conference of last July. One of the precious-metals advocates who made his appearance in the lobby of the Mt. Washington Hotel at Bretton Woods last year has been circulating in Washington during recent days. It goes without saying that prospective injection of the silver issue into Bretton Woods is not being viewed with equanimity by the Treasury Department. Doubtless it would be worth something to the Treasury to quiet these silver stirrings. Some Congress members think that they see in the pending RFC bill's provisions on premium price payments for copper, lead, and zinc certain domestic stockpiling implications which they regard as at least one effort to buy the silver bloc's support for BW. The Senate silver bloc, however, has not been known to sell its favors very cheaply. A bimettallism rider to the Bretton Woods bill should not be expected to make that plan more palatable to our overseas allies, whose delegations at the Conference evidenced decided disinterest in silver.

(Continued on page 1957)

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Elisha M. Friedman Favors "Pools" To Finance Small Business

Calls for Organizations of Financial or Holding Companies to Advance Equity Capital. Recommends Tax Relief, Both to Small Business and to Financing Concerns. Calls for Immediate Action in That Direction.

E. M. Friedman

Elisha M. Friedman, Consulting Economist, New York City, presented to the Sub-Committee on Small Business of the House of Representatives at the hearings held at the Federal Court House in New York City on April 12, a scheme for assisting small business concerns to obtain equity capital.

"Small and intermediate business," Mr. Friedman stated, "finds it difficult and expensive to finance itself publicly. Formerly small business expanded through ploughing back undistributed profits and through investment by individual local capitalists. These methods have been restricted."

Continuing, Mr. Friedman stated that "government policy is largely responsible for the lack of financial facilities for expanding small business. Another 'Henry Ford' cannot arise under our present tax policy. A 40% corporation tax prevents ploughing back profits. An individual income tax up to 90% checks private investment by an individual. Bank affiliates, which used to aid small and intermediate business, were elim-

(Continued on page 1963)

Chairmen Appointed For N. Y. Fund Drive

Harry M. Addinsell, who heads the Finance Section for the Greater New York Fund's 1945 appeal, reports that 18 chairmen have been enlisted thus far to direct the activities of the divisions covering the financial field. Mr. Addinsell, who is chairman of the executive committee of the First Boston Corp., has been active in fund campaigns since 1941.

Harry M. Addinsell

The Finance Section obtained gifts totalling $763,344.27 in the 1944 appeal under Mr. Addinsell's leadership. The section embraces 21 divisions, grouped in the following categories: exchanges, fiduciary and insurance concerns. The campaign goal is $4,500,000 asked of business concerns and employee groups as business's share in helping to support 408 local hospitals, health and welfare agencies.

IBA Urges 'Investment Companies' To Finance Small Business

John F. Fennelly, Chairman of Small Business Committee, Presents Plan to House Post-War Policy and Planning Committee.

WASHINGTON, D. C.—A nation-wide system of local community investment companies was proposed on April 24 by the Investment Bankers Association of America as the solution to the problem of providing venture capital to small business. Testifying before the special post-war policy and planning committee of the House, John F. Fennelly, Chicago investment banker, presented complete specifications for a new type of financial institution. Spread over the country, they would form "a system of decentralized investment funds under the management of local business men who are the only persons well qualified to evaluate the merits of small local enterprises," the investment banker said.

John F. Fennelly

John F. Fennelly, partner of the Chicago firm of Glore, Forgan & Co., presented the proposal as Chairman of the I. B. A. small business committee. It calls for legislation that would authorize the Board of Governors of the Federal Reserve System to charter local investment companies which could buy securities of corporations in their localities and make loans to unincorporated businesses.

Financing for any one concern would be limited to $100,000 to make it definitely a service to "small business". Charters would be granted only after the Federal Reserve Bank in the district in which the investment company wanted to operate had investigated the qualifications of its directors and management and the need for the fund in the territory it proposed to cover. A minimum paid-in capital of $25,000 would be required of chartered companies.

Chartered, the investment company could expand its investment and loan funds by selling debentures to its Federal Reserve Bank up to three times the amount of its paid-in capital.

The I. B. A. plan suggests that the Federal Reserve Banks be authorized to devote to the purchase of these debentures some $139,000,000 originally advanced

(Continued on page 1951)

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Public Utility Securities

New Utility Common Stocks

As part of the heavy program of utility financing currently underway preceding the Seventh War Loan Drive, several new common stocks of utility companies are making their bow to the investing public.

West Virginia Water Service Company, common stock was recently offered by Allen & Company (New York) and Shea & Company (Boston) at $13.50 a share and met with an excellent reception, being currently quoted at 15⅜-¾. The company furnishes water service to a number of communities in West Virginia, including the large city of Charleston. Earnings have increased from $1.27 a share in 1940 to $1.55 in 1944, having probably been affected favorably by war activities at Charleston (the company's gross revenues increased about 18% during 140-44).

The stock was sold by Federal Water & Gas Corp. as part of that company's liquidation program to conform to the Public Utility Holding Company Act. The current market price reflects a price-earnings ratio of about 10, which seems low as compared with seasoned water stocks such as Hackensack, Plainfield, Torrington, Elizabethtown, Jamaica, etc., which sell to average about 15 to 20 times earnings. The indicated dividend rate is 80c, making the yield about 5.17%. The yields on other water issues vary considerably, but this return is slightly below the average yield for electric and gas equities.

On May 14 competitive bids are to be opened for the sale of 100,000 shares of **Mobile Gas Service Company** common and the stock will presumably be offered to the investing public shortly thereafter. It was originally intended to dispose of the stock (all owned by Consolidated Electric & Gas Company) last November when the company refunded its bonds and preferred stock. In 1944 earnings of about $1.50 per share on the common were reported on the new basis, but after adjusting for a substantial rate cut applied to a full year's operations, net per share would be reduced to about $1.37. However, the company set up a charge for excess profits taxes equivalent to $3.79 a share (adjusted basis, after allowing for separation of the company from the Consolidated Electric System). This huge tax burden (which is in addition to 62¢ for Federal income taxes) affords a good cushion against any loss of war business which may occur in Mobile. Local activities have been "blown up" by war, and it is estimated that the population has more than doubled since 1940. However, the management of Mobile seems confident that a substantial amount of the industrial business gained by the company in recent years can either be retained, or replaced by new industrial units after the war.

Natural gas utility stocks have been selling recently to average about 13½ times earnings and to yield about 5.85%.

Another new issue, which is being offered currently, is **Lake Superior District Power Company**, for which several banking groups offered competitive bids last Monday. The company earned $1.68 on the common stock last year and earnings should benefit if and when a refunding operation is effected for the first mortgage 3½s and possibly the 5% preferred stock. The company has a very good balance sheet position, cash assets at the year-end amounting to about $11 a share on the common stock (net current assets were over $9 a share, and may permit a substantial reduction in funded debt when the latter is refunded).

The company serves the Gogebic iron mining territory in northern Michigan and Wisconsin, and other local industries include agriculture, quarrying, dairy products, paper, veneer, pulp and explosives (a duPont plant). The iron ore industry furnished nearly one-third of the company's revenue last year, and some letdown in this business may occur after the war. Over a period of years there may be a further downtrend due to reduction in high-grade ore reserves. However, the use of lower-grade reserves is expected to be facilitated by experimental work now in progress. Earnings are also protected by excess profits taxes which were the equivalent of $1.43 a share in 1944.

The company in recent years has been paying 6% on the common stock (now owned by a subholding company in the Middle West system) which, if continued, would amount to $1.20 a share on the new stock. However, the rate would be cut to about $1.17 by a special Wisconsin tax which is withheld at the source.

Because of the recent popularity of utility stocks, these new issues are expected to attract considerable interest.

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Stabilizing Construction

By BEARDSLEY RUML*

Chairman, Federal Reserve Bank of New York
Treasurer of R. H. Macy and Company

Mr. Ruml, in Support of His Proposal for a Stabilization of the Construction Industry to Avoid Alternate Feast and Famine Conditions, Urges That a Congressional Investigation Be Undertaken to Plan the Future Program of Public Works and to Place the Construction Industry Under Federal Regulation, as a Quasi-Public Utility. Cautions Against Renewal of Reckless Spending for Public Works as in the 30's and Calls for End of Restrictive Practices in the Private Construction Industry. Sees Danger in Post-War Pressure for Accelerated Construction Projects to Offset Reconversion Unemployment.

When the New York Building Congress invited me to address this meeting, it did not do so under any misapprehension. I am not an authority on the construction industry as a whole nor an expert with respect to any of its parts. My interest in the construction industry is derived strictly from an interest in nationl fiscal policy, from a study of public works and conservation as one element in national fiscal policy; and therefore in the construction industry because of the vital relation between the construction industry on the one hand and public works and conservation on the other.

Beardsley Ruml

I also want to make clear that my attitude toward the industry and toward its problems is not one of hostility or of perfectionism. If some of my remarks are critical, they are not unfriendly. If they are incorrect or if they give a wrong impression, I should be the first to want to change them. I am not interested in sensationalism or in the purveying of colorful anecdotes.

Let me make clear what I mean. Occasionally during the past year in articles and speeches referring to the construction industry, I have used the phrases "impediments to efficiency" and "practices which all deplore" to cover a multitude of sins. Several weeks ago, the New York Building Trades Employers' Association wrote me that they had "many inquiries asking the question 'What are the impediments referred to by Mr. Ruml?'," and said that "We have been unable to answer them." In my reply I stated that it "is not my purpose to make explicit and colorful a situation which exists because of the inner necessity for survival" but we will come to these questions later on.

If we are to look at public works and conservation in relation to the construction industry as one and an important element of national fiscal policy, it is necessary to understand in broad terms what national fiscal policy is concerned with and what its objectives should be.

Fiscal Policy

National fiscal policy is concerned with the receipts and expenditures of the National Government, not in terms of specific objectives of public policy but as a series of aggregates. The objectives of fiscal and monetary policy are two, first to make sure that we shall have a sound currency, a medium of exchange that facilitates long-term financial transactions; and second, to insure that we shall have an efficient banking and credit mechanism for the use and convenience of the people.

To make sure that we shall have a sound currency, that the dollar shall not be put in danger of inflation, we must set out tax rates so that the disbursements made through our national budget at high employment will be balanced by receipts at high employment, whatever our conception of high employment may be. This means simply that at levels short of high employment our revenues may be expected to be less and our expenditures more than the amounts required for an even balance.

It is important to notice that in the post-war period the budgetary situation will be vastly different from anything we have hitherto known in peace time. The costs of the war and of national defense, interest charges and armament and other essential expenditures will have driven public disbursements, Federal, State and local, to undreamed of heights, probably not less than a total of 30 billions of dollars. As a result, probably for the first time, any necessary addition to private purchasing power through fiscal policy to insure a stable currency and high employment can be accomplished by tax reduction alone. We no longer need any public expenditure to provide purchasing power for its own sake, we do not need to tolerate unnecessary or inefficient expenditure, whether by public works or otherwise, to get the high level of employment we all agree is indispensable to preserve freedom in a private enterprise economic democracy. Tax

(Continued on page 1968)

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*An address by Mr. Ruml at the 24th annual meeting of the New York Building Congress, Hotel Astor, New York City, April 24, 1945.

This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities.

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Are We Having A "Disguised" Capital Levy?

For the last decade, with Government encouragement, interest rates have been working steadily and substantially downward. Moreover, the trend as the Government pursues its war financing, has been accelerated and now we find in many quarters the thought arising that perhaps in post-war years Federal financing will be handled at even lower rates of interest. Certainly when one looks at the situation in the large, there appears to be developing a "climate" which will permit Uncle Sam to borrow his money to even better advantage than today.

Up to the present the Government's war-time financing has been carefully thought out and amazingly well executed, and as a concomitant to lower rates on Government bonds we find corporate borrowers too obtaining their funds at meager cost. A recent index, for example, of bond yields shows that top-grade industrial obligations are selling on a 2.5% basis, public utilities 2.6% and rails 2.7%. Similarly, choice preferreds are being issued at low rates;—a recent high-grade preferred issue carrying a $3.50 dividend was quickly absorbed at par.

Now let us try to look ahead a few years. We will come out of the war with American corporate enterprise as a whole possessing large working capital to an unprecedented degree. And after the several active years that have been experienced it is quite obvious that corporate borrowing of the long-term variety may be of modest proportions. So in the post-war period we may have the twin factors of huge investment funds seeking outlet and employment, and countless large American corporations needing relatively little in the way of new long-term financing. As a result industry will not be bidding for capital and absence of demand in that quarter may make it quite feasible for the Government to reduce interest rates on its future borrowing.

Another phase of the over-all investment situation that seems to be developing is interesting and significant. To a substantial extent **lenders may have to become owners.** By that we mean that investors who ordinarily would like to lend their money to industry through the purchase of bonds will be compelled, in their search for income, to buy common stocks and thus participate in ownership. Already, as a matter of fact, this trend is becoming apparent;—endowment funds are purchasing more and more common shares and in some sections insurance companies are seeking legislative permission to acquire equities. And as countless investors adopt a similar procedure, this can well in the aggregate lead to a strong and supporting force working to sustain equity prices.

Finally we often wonder whether this Government-directed trend toward lower interest rates is not, as we indicated in our caption, a "disguised" capital levy. For accumulated funds (capital) derive their value from what they can earn and if capital is to command a lower and lower return, are we not then as a matter of fact experiencing an indirect and screened levy on capital, which despite its being indirect and screened is nevertheless very real? Looking backward, we conclude that the first step along this road may have been the termination of paying interest on demand deposits by the banks;—extreme we thought it then, today we take it as a matter of course. And in the last decade the trend has developed in sweeping fashion, with the result that although labor's share and ownership's share have been reasonably stabilized or improved, lending-capital's share has been substantially reduced and may be even further reduced in the future. And this perhaps is a "disguised" capital levy, although up to now we may not have so recognized it.

Ralph E. Samuel & Co.

Alexander Wilson to Join A. W. Benkert Co.

Alexander Wilson

Alexander Wilson, formerly general manager of The Financial Press of New York, and more recently assistant to the publisher of "The Commercial and Financial Chronicle," will become associated with the sales department of A. W. Benkert & Co., Inc., 70 Pine Street, New York City, next week.

During Mr. Wilson's former connection with The Financial Press as sales promotion manager, over 15,000,000 copies of "The Investor's Pocket Manual" were sold to stock and bond brokerage houses in the United States and Canada.

MAY 1, 1945
WE TAKE PLEASURE IN ANNOUNCING THE ADMISSION
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Walston Hoffman To Expand in California

Admit Soher, Morrill and Cullen to Partnership

SAN FRANCISCO, CALIF.—Statewide expansion of the brokerage firm of Walston, Hoffman & Goodwin, 265 Montgomery St., members of the New York and San Francisco Stock Exchanges, was announced coincident with the acquisition of the personnel, branch offices and business of the investment banking firm of H. R. Baker & Co., which is retiring from business.

Admission of Hubert J. Soher, Daniel J. Cullen and Clifton W. Morrill as general partners of Walston, Hoffman & Goodwin was simultaneously announced. Soher, Cullen and Morrill have been the sole general partners of H. R. Baker & Co. and their association with the expanded firm will give Walston, Hoffman & Goodwin complete brokerage, research and investment facilities.

Mr. Soher was formerly Financial Editor of the San Francisco "Chronicle" and he and Cullen were instrumental in organizing H. R. Baker & Co. in 1933. Mr. Morrill has been actively engaged in the brokerage and investment business for the past 17 years and at one time was Pacific Coast manager for a large New York brokerage firm. Mr. Cullen likewise has been prominently identified with the security business in San Francisco since 1928.

The enlarged partnership will also include the present general partners of Walston, Hoffman & Goodwin, who are V. C. Walston, Claire G. Hoffman, Clifford P. Hoffman, Claire V. Goodwin and Endicott J. King, and limited partners John J. Lucas and Claire G. Hoffman.

Through the H. R. Baker & Co. acquisition, Walston, Hoffman & Goodwin will operate 17 offices in San Francisco, Los Angeles, Oakland, Eureka, San Jose, Sacramento, Stockton, Modesto, Fresno, Bakersfield, Pasadena, Santa Monica, Beverly Hills, Santa Ana, San Diego, Long Beach and Vallejo.

Walston, Hoffman & Goodwin was founded in 1932 and holds memberships in the New York Stock Exchange and the San Francisco Stock Exchange. V. C. Walston, managing partner, in announcing the acquisition and expansion, said:

"We are convinced that the Pacific Coast will enjoy its greatest period of growth and prosperity during the coming decade and it is our intention to provide both industry and investors with a facility that will accord them the benefits of a statewide brokerage and investment banking firm."

Admission of Mr. Soher, Mr. Cullen and Mr. Morrill to partnership in Walston, Hoffman & Goodwin was previously reported in the "Chronicle" of April 19th.

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Construction Costs

The Construction Cost Index of The American Appraisal Company for March stands at 267 representing a one point increase for the first quarter of 1945. In 1926, which for the purposes of this index is construed as a normal year, the index stood at 217.

Labor and material costs remained constant during the first quarter although there was a slight increase in brick and cement prices and quotations for hot rolled and galvanized steel sheets were somewhat higher.

The American Appraisal Construction Cost Index is based upon a detail analysis of materials and labor required for four types of industrial buildings, repriced monthly in accordance with normal prices prevailing in 30 representative cities in the United States. The figures are based upon 100 representing 1913 costs.

The Company's national average index and indexes for 22 representative cities follows:

(1913 = 100)

	Normal Year 1926	Low Apr.-May 1933	March 1944	Jan. 1945	Feb. 1945	March 1945
National average (30 cities)	217	140	258	266	267	267
Twenty-two typical cities:						
Boston	223	157	259	266	266	266
New York	234	160	262	270	270	270
Buffalo	219	144	268	274	276	278
Baltimore	223	153	263	271	273	273
Philadelphia	225	150	262	269	271	271
Pittsburgh	235	154	265	270	270	270
Cincinnati	219	145	259	270	270	270
Cleveland	233	143	255	264	265	265
Chicago	219	149	250	253	254	254
Indianapolis	219	144	266	269	269	269
Detroit	224	140	265	272	272	275
Milwaukee	217	133	268	274	274	276
Minneapolis	197	142	246	261	261	261
Kansas City	219	142	255	263	263	264
St. Louis	230	151	252	256	258	259
Atlanta	212	135	267	271	273	273
Dallas	204	133	232	244	244	244
New Orleans	217	133	254	271	274	274
Denver	203	137	235	240	241	241
Seattle	198	129	260	272	273	273
San Francisco	187	133	234	241	241	241
Los Angeles	195	130	238	244	244	244

The indexes cover construction only and do not include factors for building decorations and fixtures. The indexes are based on normal average conditions and give no recognition to exceptional concessions, advances, bonuses or increased wages for overtime labor in individual cases or under temporary abnormal conditions.

The indexes for the respective cities do not indicate the relative costs between cities.

Construction Labor Wage Index

Based on hourly rate unadjusted for seven trades in 30 cities	228	163	289	294	295	295

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**Eli Urdang** has become associated with **Coburn & Middlebrook,** 1 Wall Street. Mr. Urdang was previously with Morris Cohon & Co., E. W. Clucas & Co. and R. H. Johnson & Co.

NEW YORK, N. Y. — **Davis S. Bellows** is now with **H. Hentz & Co.,** 60 Beaver Street, in their research department. Mr. Bellows was formerly with F. P. Ristine & Co.

(Special to The Financial Chronicle)

CHARLOTTE, N. C.—**William R. McLendon** has been added to the staff of **Abbott, Proctor & Paine,** 212 South Tyron Street.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **Edward J. Mellen, Jr.,** has become associated with **H. L. Emerson & Co., Inc.,** Union Commerce Building. Mr. Mellen has recently been serving with the armed forces. Prior thereto he was with Goodbody & Co. and Carl M. Loeb, Rhoades & Co.

(Special to The Financial Chronicle)

ORLANDO, FLA. — **Henry M. Parr** is with **Southeastern Securities Corp.,** 308 West Adams Street, Jacksonville, Fla.

(Special to The Financial Chronicle)

ROCKLAND, MAINE — **Donald L. Kelsey** has joined the staff of **Lincoln E. McRae,** 449 Main Street.

(Special to The Financial Chronicle)

SALEM, OREG. — **Lawrence C. Maves** is connected with **Conrad, Bruce & Co.,** Oregon Building.

(Special to The Financial Chronicle)

ST. LOUIS, MO. — **Charles G. Lumaghi** has rejoined the staff of **Central Republic Co.,** Security Building. Mr. Lumaghi has recently been serving with the U. S. Army.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Edwin H. Demetrio** is with **Herrick, Waddell & Co.,** 418 Locust Street.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Melbourne E. Lampe** has become affiliated with **Stifel, Nicolaus & Co., Inc.,** 314 North Broadway.

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Hedging Against Inflation

Roger W. Babson Discusses Twenty Big Industries

BABSON PARK, MASS.—On a recent vacation in Florida, I had time to study America's greatest industries with special thought as to their safety for post-war investments.

The Big Five

(1) The industry best able to meet inflation should be RETAIL TRADE. Those concerns having a book value approximately equal to the selling price of their stocks are to be preferred. The variety chains should be safest of all.

Roger W. Babson

(2) The OIL GROUP should come next in order. With these should be included certain metal shares, although I do not like the coppers. Probably the greatest gamble, for good or ill, are the gold stocks.

(3) The CHEMICAL INDUSTRY should emerge from the war a leading post-war industry when the pharmaceutical group is included. Many new miracles are still in the laboratory stage.

(4) The ELECTRICAL EQUIPMENT INDUSTRY, including electronics and plastics, offers attractive fields—especially for returning servicemen.

(5) AVIATION should be included with the "Big Five," although its future is somewhat uncertain. I like best the transport companies; but their stocks now seem high compared with those of the airplane manufacturers.

An Investment Group

(6) The PAPER AND CONTAINER INDUSTRY should have better days ahead. This especially applies to some of the companies which have diversified in cans, plastics, glass and fibres, as well as paper.

(7) The RUBBER COMPANIES should make more money after the war. Current quotations, however, suggest that this group is only fairly priced, rather than attractively priced at the moment.

(8) The TEXTILE INDUSTRY should remain a sound investment for some years after the war. It also has a good ratio as to book values. No spectacular rise, however, can be expected in textile securities.

(9) I am not an authority on the TOBACCO INDUSTRY. My friends, however, insist that the tobacco stocks—other than cigar stocks—are reasonably priced and should be included in a diversified portfolio.

(10) Certainly the BUILDING AND FURNITURE INDUSTRY should be mentioned at this point as having a good post-war future. This includes the cement, paint and certain steel companies.

Uncertain Industries

(11) This group includes the HEAVY STEELS, which are in the "feast or famine" category; I am not now forecasting their post-war outlook.

(12) As a rule I like the FOOD STOCKS—baking, canning, dairy products, meat packing, quick freezing, beverages, shortenings, etc. They, however, are now too mixed up with Government regulations. However, I rate the DAIRY PRODUCTS **first**, and the CANNED FRUITS **last.**

(13) The post-war outlook for the AUTOMOBILE AND TRUCK INDUSTRY looks good to me now. I class it in this uncertain group because my associates believe prices of some automobile stocks are too high.

(14) BANKING AND INSURANCE stocks should be held to a limited amount by all investors who want **gradual growth** rather than **yield.**

(15) EQUIPMENT, for other than war purposes, should be in demand after the war. This applies to AGRICULTURAL MACHINERY and perhaps to RAILROAD EQUIPMENT. The immediate post-war future of OFFICE EQUIPMENT depends upon what the Allied Governments do with their surpluses.

Industries to Avoid

(16) The MACHINE TOOL INDUSTRY has had and passed its honeymoon.

(17) Certain PUBLIC UTILITY STOCKS, being or to be, liquidated, have profit possibilities; but the bloom is off the rest of the group.

(18) Profits of the COAL INDUSTRY should severely decline after the war. This especially applies to the anthracite companies.

(19) It seems as if the receipts of the MOTION PICTURE INDUSTRY would fall off after the war if television becomes universal.

(20) The worst of all industries is likely to be the RAILROAD INDUSTRY, including perhaps hotels, etc. Beware of the rails!

Businessman's Bookshelf

Suggested Standards for Determining Un-American Activities—The Brookings Institution, Washington, D. C.—paper—15c.

Taxation — MAPI Studies Transition and Post-War Taxation —Machinery & Allied Products Institute, 720 Twentieth Street, N. W., Washington 6, D. C.— —paper.

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Schram Warns Tax on Speculation Is Inflationary

(Continued from page 1939)

upon the accumulation of surpluses by corporations necessitated by the demands of a war economy have left industry in a less favorable position so far as additional capital for reconversion and post-war purposes is concerned.

Tax Burdens

It would seem appropriate at this point to add that I agree with the propositions stated in the fourth report of your committee, from which I am pleased to quote:

> "Partly as a result of the prewar trend and partly due to war-time necessities, the Federal tax system has placed steadily increasing burdens on risk-taking enterprise. On the one hand, it puts a premium on the avoidance of risk provided by the refuge from taxation through tax-exempt securities. On the other hand, it has imposed double taxation on income derived from business dividends and has placed excessive burdens on those businesses and individuals to whom we must look for a large share of the funds required for the expansion of employment opportunities. An adequate reduction in such tax burdens is essential . . ."

This, it would seem to me, should be one of the first considerations with respect to the needs of business during the transition and early post-war period. This would provide the incentive for, or at least remove the deterrent to, the flow of our vast individual wealth into the channels of industry through capital investment.

The function of the Exchange and other securities markets is to provide a market for the securities which grow out of the capitalization or recapitalization of the issuing companies, after their primary distribution to the public. The ultimate possibility of such securities finding a free and open liquid market for their sale is an essential consideration to both the companies and those that handle their financing.

This is of particular importance as applied to the problem of post-war financing because most of such financing will involve existing companies whose present debt and equity securities are already widely distributed among the public and are dealt in on the various securities markets. In other words, the demand will be for investment to finance new enterprises of established business, rather than brand new ventures. Every encouragement must be given, therefore, to that freedom of action which is provided by the stock markets; in other words, so that the demands for new capital may have all of the advantages of marketability.

Marketability Essential to Investment

Coming now specifically to the extension of trading facilities to a larger number of securities and the consequent facilitation of the flow of capital to business enterprises, the answer, based upon long experience, is that people are unwilling to invest in securities unless there is a ready, adequate market. It is axiomatic that the willingness to risk bears a direct relationship to the ability to limit loss, on the one hand, and to realize profit on the other. The marketability provided by a securities market such as ours is necessary, therefore, to the flow of capital into business enterprises.

However, we feel strongly that such extension of trading facilities must not be accompanied by any relaxation of the underlying requirements of the various exchanges. These have been designed to provide a maximum of protection to the investing public, and while some phases of regulation of the financial markets in recent years have unnecessarily interfered with the free flow of venture capital, the effect of regulation, in the main, has been most beneficial. Some revision of the Securities Act of 1933 and the Securities Exchange Act of 1934 is undoubtedly desirable. It would be disingenuous to contend that the more than 10 years of experience with the Acts has not given evidence of the need for some revision. A complete discussion of such revision would require an exhaustive analysis and far more of this committee's time than is available. The most important revisions which those in the securities industry have indicated to be desirable and necessary may be summarized as follows:

Certainly any revision of the Securities Acts should seek only to make these statutes more workable and, in modifying their provisions governing procedures, the purpose should be to make it possible to transact business more efficiently without impairing in any way the protection afforded to investors.

Proposed Changes of Securities Acts

The proposals of the securities industry with respect to the Securities Act of 1933 have been chiefly concerned with the following problems:

I. The use of information prior to and after the effective date of a registration statement;

II. The requirements as to the use and delivery of prospectuses;

III. Simplification of registration procedure;

IV. The exemption of small issues and of certain classes of issuers and of transactions from the registration procedure, but not from the fraud provisions of the Act;

V. The bases of liability under Section 12 with respect to the dissemination of information relating to securities already outstanding in the hands of the public;

VI. The scope of the registration requirements of the Act as determined by the meaning of the term "public offering"; and

VII. The size and organization of the Commission itself and the general administration of the Act.

The proposals by the representatives of the securities industry with respect to the Securities Exchange Act of 1934 were made with a view to permitting the more efficient functioning of the nation's securities markets without impairing in any way the protection afforded to investors by the provisions of the Act. These proposals of the industry have been chiefly concerned with the following problems:

I. The scope of the provisions of the Exchange Act;

II. Simplification and clarification of the registration process;

III. Elimination of the threat of segregation;

IV. Extension of credit on new issues.

These matters are dealt with in greater detail in the attached foreword to the Report on the Conferences with the Securities and Exchange Commission and its staff by representatives of the Investment Bankers Association of America, National Association of Securities Dealers, Inc., New York Curb Exchange, and New York Stock Exchange, dated July 30, 1941.

To sum up regarding possible changes in Government regulations and exchange rules, I would advocate as a statement of basic policy that it would best serve the interests of our economy, and therefore the facilitation of the flow of capital to industry, to permit the greatest degree of freedom and self-regulation consistent with the prevention of fraud and the principle of the disclosure of material information.

As to what facilities are necessary to supply capital to businesses that do not have access to organized security markets, this is something which perhaps those representing the commercial and investment bankers are better qualified to comment upon. The needs of small business will be perhaps proportionately greater than the requirements of the large, well-capitalized corporation. Provision should be made to take care of these needs.

Suggestions have already been made to your committee which would appear to be practical and constructive. I might say that it is obviously of the utmost importance that those who will be called upon to furnish capital be assured that the various controls which have been accepted as an integral part of our national policy for the duration of the war-created emergency are temporary and will be relaxed as soon as conditions permit. Similarly, it is of the utmost importance that the policy of Congress with respect to tax revision be made known as soon as possible, so that corporate enterprise, both large and small, may be in a position to plan its post-war programs and determine its post-war requirements.

In conclusion may I say that I have every confidence in the ability of business to cope with the numerous problems of the post-war period to come. However, the celerity with which these problems may be solved will depend in large measure upon the preparations which are made now for their solution. Your committee has the opportunity to contribute greatly to these preparations. I am sure that out of your hearings will come recommendations which will go a long way toward assuring success in the post-war period.

Virginia Elec. & Pr. Bonds Offered Publicly

A group headed by Stone & Webster and Blodget, Inc., on May 2 offered publicly $59,000,000 Virginia Electric & Power Co. 1st and refunding mortgage bonds, series E 2¾%, due March 1, 1975, at 101½ and accrued interest from March 1, 1945. The company will apply the net proceeds from the sale of these bonds, together with $4,035,791 of escrow funds held by the mortgage trustee, and about $3,450,000 general funds, to the redemption of all the outstanding $63.5 million first and refunding mortgage bonds, consisting of $37.5 million series B 3½s, $3 million series C 3⅛s, and $23 million series D 3s.

Monumental Insurance Shares Placed Publicly

The First Boston Corp. on May 1 sold a block of 13,800 shares of capital stock of the Monumental Life Insurance Co. at $34.50 per share. The offering, which is the first public distribution of stock of the company, does not represent new financing.

Incorporated in Maryland in 1858 as the Maryland Mutual Life and Fire Insurance Co., Monumental converted to a stock basis in 1928 with a paid-in capital and surplus of $546,850. Based on life insurance in force at the end of 1943, the company ranked nineteenth among the 309 stock life insurance companies in the country. Premium income for 1944 was more than $14,000,000.

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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number eighty-five of a series.*
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Americana

This recorder has a friend here at Schenley who some years ago visited quite a number of old historic taverns in England. Recently he presented us with a book replete with illustrations descriptive of some of the more interesting old places. He said, "Why don't you write a piece about some early *American* taverns? Do a little digging and you'll find it a fascinating pastime." So we've done a bit of "digging" and true enough, one can find enough material to write a dozen articles like this because surely the tavern played an important part in the social life of the Colonies for many years before and during the Revolutionary War.

Since there is a first time for everything, we tried to find out something about the *first tavern* in what is now New York. Well, we find that the first one was built in 1642 in New Amsterdam—before its name was changed to New York. It was located not far from what is today Bowling Green, by the then Dutch Governor Kieft. It seems that the Governor tired of entertaining guests in his own home, so he built a tavern for the West India Company. Then he leased it to one Phillip Girairdy (sometimes called Gerritson), with the stipulation that only such liquors as were traded in by the West India Company should be sold therein. It was known as the Stadt Harberg or City Tavern. Later it graduated and became the Stadt Huys or City Hall.

Way back in those days the tavern was not only hotel and refreshment place, but frequently it was also the meeting place for the City Fathers or City Council. It was the center of social functions in the community. It was hotel, restaurant, town hall, club and country club all in one.

And this is most interesting. Even in the dawn of our American civilization, taverns were rigidly regulated and licensed, even to the hours and days of their operation. Licenses were issued by the local administrative body. The early Colonial tavernkeeper was among the most highly respected members of the community. In fact, in early New York, only voters (landholders) and men of exemplary character were able to obtain tavern licenses.

And so this is just a little nibble. We hope to follow with several other pieces about taverns and their famed proprietors during the Revolutionary period. . . . The deeper we dig, the more interesting the revelations.

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New Wellington Partnership

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Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Fire and Casualty Insurance Stocks Manual, with Bank Stocks Section — Includes 1944 year-end figures of over 30 active issues—Available to all dealers upon request—**White & Company**, Mississippi Valley Trust Building, St. Louis 1, Mo.

Monthly Stock and Bond Summaries—May be had at a cost of $72 each per year, or a total of $144 a year for the complete service which includes two cloth bound volumes and ten paper bound issues—a special free trial offer is available—**National Quotation Bureau**, 46 Front Street, New York, N. Y.

Quarterly Canadian Review—Includes a Review of current Canadian Conditions and brief analyses of six Canadian Provinces—**Dominion Securities Corporation**, 40 Exchange Place, New York 5, N. Y.

Railroad Review, 1945 Edition—Factual study in booklet form of 41 selected class I railroads giving seven years earnings record, debt retirement performance, etc. — **Buckley Brothers**, 1529 Walnut Street, Philadelphia 2, Pa.

Real Estate Bonds—A tabulated circular — **Seligman, Lubetkin & Co.**, 41 Broad Street, New York 4, N. Y.

American Bantam Car—Circular on this situation—**Hoit, Rose & Troster**, 74 Trinity Place, New York 6, N. Y.

Benguet Consolidated Mining Co. — Analysis — **F. Bleibtreu & Co., Inc.**, 79 Wall Street, New York 5, N. Y.

Boston Terminal 3½s of 1947—Analytical report describing reorganization status and proposed plan—**Greene & Co.**, 37 Wall Street, New York 5, N. Y.

Canadian Pacific Railway Company—Summary of pertinent facts—**Eisele & King, Libaire, Stout & Co.**, 50 Broadway, New York 4, N. Y.

Data also available on **Northern Pacific** and **Illinois Central.**

Central Iron & Steel—Bulletin on recent developments—**Lerner & Co.**, 10 Post Office Square, Boston 9, Mass.

Also available are circulars on **Kingan & Co.** and **Riverside Cement.**

Chicago, Milwaukee, St. Paul & Pacific Railroad—Complete arbitrage proposition—**Sutro Bros. & Co.**, 120 Broadway, New York 5, N. Y.

The Cliffs Corporation and **The Cleveland-Cliffs Iron Company**, offering a portfolio of representative steel stocks—Also a discussion of some assuring aspects of the steel industry—**Amott, Baker & Co., Inc.**, 150 Broadway, New York 7, N. Y.

Cross Co. Common Stock—Analysis of reasons for considering this an attractive low-priced situation—**F. H. Koller & Co., Inc.**, 111 Broadway, New York 6, N. Y.

Also available are memoranda on **Liquidometer Corp.**, **Great American Industries**, **Hartman Tobacco** and **New Bedford Rayon.**

Department of Water and Power of the City of Los Angeles, Calif.—Call features on all revenue issues presently outstanding—**The First Boston Corporation**, 100 Broadway, New York 6, N. Y.

A. De Pinna Company—Descriptive circular—**Herrick, Waddell & Co., Inc.**, 55 Liberty Street, New York 5, N. Y.

Electronic Co. Common—Report discussing this stock as an attractive low-priced dividend payer—**Hughes & Treat**, 40 Wall Street, New York 5, N. Y.

Empire Steel Corp.—Annual report—**Hill, Thompson & Co., Inc.**, 120 Broadway, New York 5, N. Y.

Four Wheel Drive Auto Company—Four-page illustrated brochure, for dealers only—**Comstock & Co.**, 231 South La Salle Street, Chicago 4, Ill.

Garrett Corporation—Brochure and statistical information, available to dealers—**Fred W. Fairman & Co.**, 208 South La Salle Street, Chicago 4, Ill.

General Industries Co. — Detailed discussion of position and outlook — **Mercier, McDowell & Dolphyn**, Buhl Building, Detroit 26, Mich.

(Continued on page 1947)

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Timid Capital Needs Encouragement, Not Competition From Government, Says Folger

Timid capital needs encouragement and guidance from government, and not government competition, John Clifford Folger, President of the Investment Bankers Association of America, told the special House committee on post-war policy and planning.

"What we need is an awareness of the importance of getting private capital to work," the investment banker who is president of the Washington, D. C., firm of Folger, Nolan, Inc., told the committee. To that end he urged that "top-flight men with experience, understanding and sympathy for investment problems" be added to three Cabinet departments and two other Government agencies. Such men charged with encouraging investments should be in the Treasury, Commerce and State Departments, the Federal Reserve System, and the Securities and Exchange Commission, he said.

John Clifford Folger

Bottlenecks stalling private investment are easily spotted, he said. Among the means of eliminating them he included tax relief for business, with provisions for averaging losses and gains backwards and forwards for five years, lower capital gains taxes, and lower small corporation taxes.

"Give the large investor his chance for capital gains and avoid soaking corporations before the money ever gets to the stockholder," he said. "This will help new and small businesses tax-wise and will do more than anything to get venture capital out in the open."

Other proposals made to the committee included simplification of SEC regulation rules. "In my opinion," Mr. Folger said, "the SEC should be more concerned with the main purposes of getting savings into business rather than with the functions of regulation." There is also need, he said, for some changes in laws and rules governing the investments of trusts and the funds of institutions to provide greater flexibility.

Walter Norris Heads Cruttenden Co. Dept.

CHICAGO, ILL.—Cruttenden & Co., 209 South La Salle Street, members New York and Chicago Stock Exchanges, announce the appointment of Walter F. (Dick) Norris as manager of their sales department.

Mr. Norris was for the past three years Vice-President of Commerce Union Bank of Nashville, Tenn., and previously was Vice-President of C. F. Childs & Co. in both their Kansas City and Chicago offices.

His association with Cruttenden & Co. was previously reported in the "Chronicle" of April 12th.

Los Angeles Transit Stock Placed on Market

A group of investment bankers headed by Blyth & Co., Inc., on April 27 offered at $6.50 a share 429,200 shares of common stock ($10 par) of Los Angeles Transit Lines, formerly Los Angeles Railway Corp. The stock represents holdings of American City Lines, Inc.

The company's articles of incorporation have been amended to effect a recapitalization by which the 5% non-cumulative preferred stock, 89,544 shares of which were outstanding, has been eliminated, each share being changed into two shares of new common stock, and each of the 200,000 shares of no par value common outstanding changed into one share of the new $10 par stock.

Consumer Banking Inst. Publishes Booklet

A Legal Digest of Laws, Opinions and Rulings affecting industrial banking operations has just been produced by the Consumer Banking Institute. The book is up to date through 1944 and contains an unusual collection of important information, heretofore unavailable under one cover, of interest in industrial banking, personal loan departments of commercial banks and kindred operations. It is a digest of all state and federal laws regarding industrial banking and personal loan operations. It is available in limited quantity at $4.00 per copy.

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Consolidated Electric & Gas Co.	Deb.	6	due 1957
Iowa Southern Utilities Company	1st	4	due 1970
Iowa Southern Utilities Company	S. F. Deb.	4½	due 1966
Seattle Gas Company	1st & Ref.	5	due 1954
Telephone Bond & Share Company	Deb.	5	due 1958

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(Special to THE FINANCIAL CHRONICLE)

Joseph A. Babbert has become associated with **Ames, Emerich & Co., Inc.,** 105 South La Salle Street. Mr. Babbert has recently been with Robert J. Phillips & Co.; prior thereto he was in the armed forces.

(Special to THE FINANCIAL CHRONICLE)

Raymond F. Revell has been added to the staff of **Comstock & Co.,** 231 South La Salle Street.

(Special to THE FINANCIAL CHRONICLE)

Henry G. Hotchkiss is now with **Howard F. Detmer & Co.,** 105 South La Salle Street.

(Special to THE FINANCIAL CHRONICLE)

J. Arthur Madden is now affiliated with **Eastman, Dillon & Co.,** 135 South La Salle Street. Mr. Madden was formerly with C. W. McNear & Co., First Cleveland Corp., Barcus, Kindred & Co. and Stifel, Nicolaus & Co., Inc.

(Special to THE FINANCIAL CHRONICLE)

Harry M. Fridley has joined the staff of **Westheimer & Co.,** 326 Walnut Street, Cincinnati, Ohio. In the past he was with Laidlaw & Co. of New York and was Washington, D. C. manager for Harriman & Co.

Dealer-Broker Investment Recommendations and Literature

(Continued from page 1946)

Also available is a report on **National Stamping Co.**

Albert Frank-Guenther Law, Inc., preferred stock—Circular—**George R. Cooley & Co., Inc.,** 52 William Street, New York 5, N. Y.

Hallicrafters Co.—Descriptive memorandum—**Doyle, O'Connor & Co., Inc.,** 135 South La Salle Street, Chicago 3, Ill.

M. A. Hanna Co. and **Hooker Electro Chemical** — Engineering field reports available—**Herzog & Co.,** 170 Broadway, New York 7, N. Y.

Kingan Company — Descriptive circular—**C. E. de Willers & Co.,** 120 Broadway, New York 5, N. Y. Also available is a memorandum on **Macfadden Pub. Inc.**

Magnavox Company—Brochure and statistical information, available to dealers—**Fred W. Fairman & Co.,** 208 South La Salle Street. Chicago 4, Ill.

P. R. Mallory & Co., Inc.—Analytical discussion — **Steiner Rouse & Co.,** 25 Broad Street New York 4, N. Y.

Merchants Distilling Corp.—Descriptive brochure—**Bennett, Spanier & Co., Inc.,** 105 South La Salle Street, Chicago 3, Ill.

Mid Continent Airlines, Inc., memorandum—**Kitchen & Co.,** 135 South La Salle Street, Chicago 3, Ill.

National Radiator Co.—Analysis, for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

New York Central Railroad—A review—**H. Hentz & Co.,** 60 Beaver Street, New York 4, N. Y. Also available a memorandum of **Research Comment.**

New York, Chicago & St. Louis Railroad 3¼s of June 1, 1938—Offering circular—**Hirsch & Co.,** 25 Broad Street, New York 4, N.Y.

Northern Pacific Railway Company — Discussion of "Better Times Ahead"—**Vilas & Hickey,** 49 Wall Street, New York City.

Panama Coca-Cola—Discussion of this situation—**Hoit, Rose & Troster,** 74 Trinity Place, New York 6, N. Y.

Pfaudler Co. — Recent analysis discussing outlook for the company which manufactures glass lined and stainless steel tanks and equipment — **Caswell & Co.,** 120 South La Salle Street, Chicago 3, Ill.

Pittsburgh Railways — Current study—**First Colony Corporation,** 70 Pine Street, New York 5, N. Y.

Public National Bank & Trust Company—Analysis and current notes—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

Reed Drug Co.—Discussion of class A convertible stock for income and possible appreciation, and the common stock as a speculation—**First Colony Corporation,** 70 Pine Street, New York 5, N. Y.

Schenley Distillers Corporation—Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation** 350 Fifth Avenue, New York 1 N. Y.

Seaboard Railway Company—Complete arbitrage proposition on request—**Sutro Bros. & Co.,** 120 Broadway, New York 5, N. Y.

Segal Lock—Post-war outlook—**Simons, Linburn & Co.,** 25 Broad Street, New York 4, N. Y.

Serrick Corp. class A—Current bulletin—**Sills, Minton & Co., Inc.,** 209 South La Salle Street, Chicago 4, Illinois.

Stromberg-Carlson — Descriptive circular—**J. F. Reilly & Co.,** 111 Broadway, New York 6, N. Y. Also available are circulars on **Bowser, Inc.,** and **Foundation Co.**

Sylvania Industrial Corporation—Discussion of five attractive features of the situation, which is considered as a dividend-paying peace-time growth stock with good war-time earnings by **Loewi & Co.,** 225 East Mason Street, Milwaukee, Wis.

TACA Airways SA.—Discussion of attractive prospects for return and appreciation—**Ward & Co.,** 120 Broadway, New York 5, N. Y. Also available are late memoranda on:

Du Mont Laboratories "A"; Great American Industries; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Electrolux; Brockway Motors; Scovill Mfg.; Riley Stoker; Alabama Mills, Inc.; American Hardware; Douglas Shoe; Hortford-Empire; Maine Central Pfd.; Moxie; Southeastern Corp.; United Piece Dye Works; Detroit Harvester; Boston & Maine; Buda Co.; Federal Machine & Welding; Gleaner Harvester; Liberty Aircraft Products; Lamson - Sessions; Berkshire Fine Spinning, Bowser, Inc.; New Jersey Worsted; Mohawk Rubber Co., and **P. R. Mallory.**

Wellman Engineering Co.—Descriptive circular—**Simons, Linburn & Co.,** 25 Broad Street, New York 4, N. Y.

York Corrugating Co. — New statistical report — **First Colony Corporation,** 70 Pine Street, New York 5, N. Y.

Yuba Consolidated Gold Fields—Analytical discussion of possibilities for price enhancement—**Cartwright & Parmelee,** 70 Pine Street, New York 5, N. Y.

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Pennsylvania Brevities

U. G. I. Will Stick It Out

At next Monday's annual meeting, management of United Gas Improvement Co. will vigorously oppose a plan of liquidation and dissolution which will be offered by two stockholders.

Over the last two years, U.G.I. in conformance with divestment orders entered by the Securities and Exchange Commission under the provisions of the Holding Company Act, has been unhappily shorn of some of its largest and choicest holdings, notably its investments in Philadelphia Electric Co. and Public Service of New Jersey. Further sales and distributions may be in order, but as for complete liquidation the answer is to be a firm and definite "No."

The stockholders' resolution will contend that the amount that stockholders would receive in liquidation would be in excess of the present market value of the shares. It will further state that it is the belief that U.G.I. will continue to function as an investment concern and that investment trust stocks, generally, sell at less than liquidating values.

Management will counter with a statement to the effect that the company is not and does not intend to become an investment trust, and that it will continue to own and operate public utility companies as it has been doing since its organization in 1882. It will be further pointed out that forced sales might be disadvantageous to the stockholders and that contingent liabilities in the form of guarantees would present legal obstacles to dissolution.

Among other substantial but miscellaneous holdings, U.G.I. has retained a strong nucleus of properties operating within Pennsylvania. Most important are Allentown-Bethlehem Gas, Consumers Gas of Reading, Luzerne County Gas & Electric and Harrisburg Gas companies.

Corporation Notes

For the first six months of the current fiscal year, York Corporation reports total sales of $20,755,607 compared with $17,337,295 for the like period last year. Net profit, after deducting $104,000 for war and post-war contingencies, amounted to $623,700. In excess of 92% of the $19,207,855 uncompleted orders at March 31, 1945, involved refrigeration and air conditioning equipment for direct war use and essential civilian purposes related to the war effort. After an investigation which revealed no excessive profits, the company was cleared of any renegotiation liability through Sept. 30, 1944.

Autocar, for quarter ended March 31, reports net profit of $354,438, after charges, income taxes and reserve for renegotiation, equal, after preferred requirements, to 71 cents per share on the 485,230 common shares outstanding.

At the annual meeting of Warner Co. April 23, A. D. Warner, Jr., Treasurer, stated that active consideration was being given the proposed plan of recapitalization. It appears probable that holders of the first preferred will be offered income debentures plus additional common in settlement of their claim for par and accrued dividends. The management is expecting an expansion of activity as soon after V-E Day as manpower and materials become available.

Last week's successful secondary offering of 600,000 shares of National Power & Light Co. common represented the sale by Lehigh Coal & Navigation Co. of all but 100,000 shares of its holdings of this issue. Proceeds will be used to retire funded debt. The sale further precludes the possibility of the company being classified as a holding company under the Utility Act.

Edward G. Budd Mfg. Co. reports that New York to Florida railroad passenger service will be facilitated by the addition of 48 stainless steel cars, orders for which have been placed. Thirty of the cars are being purchased by Seaboard Air Line, ten by

(Continued on page 1949)

Wm. Barclay Named Treasurer of NASD

William K. Barclay, Jr., Stein Bros. & Boyce, Philadelphia, has been elected treasurer of the National Association of Securities Dealers to succeed John H. Barret of Stern Bros. & Co., Kansas City, Mo., who resigned. Mr. Barclay will also serve on the executive and finance committees.

Mr. Barret has resigned as secretary of his firm to devote his full time to his personal affairs.

R. C. Miller on Sick List

R. Conover Miller, partner of E. W. and R. C. Miller & Co., Philadelphia, was stricken with a heart attack last week and will be confined to his home, under doctor's orders, for at least a month.

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Pennsylvania Municipals

By RUSSELL M. DOTTS

Russell M. Dotts

With the war in Europe drawing to a close, our thoughts are turning to the post-war period. The Municipal Bond Market, like all other businesses, will undergo certain changes. These changes will, no doubt, be more gradual because of the continuation of the war with Japan. But there will be some changes in all business after V-E Day, and a partial reconversion to domestic and capital goods will enable municipalities to plan for the necessities that have been postponed for the past ten years for one reason or another.

The complexity of the problem is even more evident when we consider that there are over 155,000 governmental units in the United States, and an ever increasing number of revenue projects. Estimates of the amount of post-war financing vary anywhere from $5,000,000,000 to $10,000,000,000 for the first four or five years. We must also give consideration to the present high prices, uncertain national policies as to production, inflation, taxation and free enterprise, also the necessity for continued peak tax rates.

The future expenditures of municipalities will be influenced in several ways. In recent years there has been practically no new financing, most of the bonds sold have been refunding issues at savings in interest to the municipality. Then, too, a reduction in debt has been substantial in the past decade. Thus municipalities will enter the post-war era stronger than they have ever been. The municipal economy will also be influenced by the desire of people for leisure and a better place to live. The social philosophy and economic consequences of those desires would occasion further changes in the municipal finance picture. Municipal finance will also be affected by the tremendous pressure for employment of veterans and war workers on public payrolls. The pressure will be greater on the States, but also plentiful for the local community.

There will be a flood of new municipal bond issues for post-war public works of all kinds, schools, roads, revenue projects, public authorities and even the issuance of soldier bonus bonds by many States. Many municipalities have planning boards or other groups organized for this purpose. In fact, some have already taken advantage of the low money market to sell their bonds in anticipation of the work to be done.

It would seem then that we can look forward to a good municipal market in the immediate post-war years. Some troubles, however, are bound to appear—the possibility of unemployment, shifting populations, general decline of business, over-expansion and development, the continued threat of the taxation of municipal bonds and the possible control of the secondary and trading markets by the SEC which, as pointed out at the recent hearings on the Boren Bill before the Interstate and Foreign Commerce Committee in Washington, would hamper the original sale of bonds by municipalities as well as increase the interest cost to them.

Municipalities and local governments have a record of payment of their debts which cannot be equalled or approached by any general class of security, except the obligations of the U. S. Government. There is every reason to believe that the present outstanding municipal loans and those of the future will have, at least, as good a record in the years following the war. Vigilance, however, is necessary both on the part of the municipal officials and the municipal bond buyer during this period.

Miller-Wohl Preferred And Common Issues Oversubscribed

Allen & Co. on April 30 offered 30,000 shares of 5% cumulative convertible preferred stock (par $50) and 50,000 shares of common stock (par $1) of the Miller-Wohl Co., Inc., operators of a chain of women's wearing apparel stores. The preferred stock was priced to the public at $50 per share plus accrued dividend and the common at $13.50 per share. Both issues have been oversubscribed. Sale of 15,000 shares of preferred stock and 50,000 shares of common stock is being made for the account of stockholders and does not represent any financing by the company.

Proceeds from the sale of 15,000 shares of preferred stock will be used to retire a $500,000 promissory note held by The Chase National Bank of the City of New York, which was originally obtained for additional working capital purposes. The balance of the proceeds will be used to pay in part the cost of opening additional stores that have been leased, and of enlarging existing stores.

Fabian Levy Dead

Last week marked the passing of Fabian F. Levy, long well known in Philadelphia investment circles, and more recently employed with Mackubin, Legg & Co., Baltimore, as statistician. Mr. Levy was a veteran of World War I, a member of the American Legion, the Society of 40 and 8, and the Old Guard of the State Fencibles. He was graduated from the Wharton School of the University of Pennsylvania in 1908. He formerly conducted his own securities firm in Philadelphia.

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Ayres Warns Against Premature Attempts at Exchange Control

(Continued from page 1938)

four months following the Armistice of the last war we had in operation a simple form of International Monetary Fund which stabilized or supported foreign exchange rates by using funds lent by the strong creditor country, which was the United States. Then late in March of 1919 the British announced that they would no longer continue to peg sterling, and there followed a sharp drop in the price of sterling exchange, and in the exchanges of nearly all the European countries.

Exchange Rates Kept Higher Than Justified

However, the exchange rates for nearly all the European currencies continued to be far higher than was justified by their fiscal and economic conditions. The reason for their strength was that the loans from our government to the European governments continued to provide funds with which the exchange rates of those countries were artificially supported, even although they were not actually stabilized. The result was that we had an export boom, and a serious postwar inflation.

Support of the foreign exchanges by our dollars in the first half of 1919 was a sufficiently powerful factor to check the business decline which had begun here after the Armistice, and to generate a violent boom accompanied by soaring prices. Our exports grew with unprecedented rapidity. This country was short of goods, much as it is now, and we continued to strip it of goods and to ship them abroad. In 1919 our exports amounted to nearly eight billions of dollars, far in excess of any previous yearly total. Wholesale prices had been at the time of the Armistice 203 per cent of the pre-war level. By February of 1919 they had declined 10 points to 193, but by December they had soared 30 points to 223.

In 1919 the Continent of Europe was prostrate in an economic sense, but it was buying from us without limit of price or quantity everything it could get from us with its inflated paper money offered in the exchange markets. The results were boom, then inflation, and then deflation.

Artificial Expansion of Exports

In 1920 the value of our exports was nearly eight and a quarter billions, which remained the greatest figure in our history until the establishment of Lend Lease. Wholesale prices continued to advance until May when they reached 247 per cent of pre-war levels. Then deflation began. There was no more support for the foreign exchanges. We were no longer willing to accept the depreciating currencies of Europe, and neither was London, which had retained faith in them longer than we had. Prices which had been 247 in May of 1920 fell to 179 by December, and to 139 by the end of 1921. Wheat which had sold in New York for $3.35 a bushel in 1920 fell to $1.09 in 1921. Cotton fell from 44 cents a pound to 11 cents.

Our exports, which had been going out at an annual rate of over 11 billions a year in one month of 1919, and of nearly 10 billions a year in three months of 1920, fell to a rate of only three and one-half billions by the end of 1921. The dollar had become a scarce currency in the foreign exchange markets. Foreign exchanges which were stabilized and supported with our funds had generated a boom and an inflation in this country, and these conditions had been promptly followed by deflation and depression. The statistics and the economics of that period are explained in detail in various issues of the Economic Bulletin of the Chase National Bank of New York, written by their economist, Dr. Benjamin M. Anderson.

At the beginning of 1919 the exchange values of the currencies of England, France, Belgium, and Italy had all been close to their par values. Two years later, at the close of 1920, the exchange value of the British pound was 72 per cent of its par. That of the French franc was 30 per cent of par. The Belgian franc was 32 per cent of its mint par, and the Italian lira was 18 per cent. Our public loans and our private funds that had been used to support the exchange values of their currencies had harmed them, and they had harmed us.

We should have been much better off if we had taken our postwar readjustment at the end of the war instead of two years later. We were all braced for it then. Our industries and our banks were financially strong. Instead of that we spent most of three billion dollars of public funds in supporting foreign exchanges, and a somewhat larger amount of private funds in financing the export boom on credit. We generated an immense real estate boom, and extensive speculation in farm lands.

Better the "Hard Way"

It would have been better for the nations on the Continent of Europe to have faced their problems the hard way. That hard way would have called for cutting expenditures, reducing borrowing, working towards the balancing of budgets with taxes, and stopping the printing of irredeemable paper money. The easy way was to ask the central bank to print bank notes, and to use them for pensions, and unemployment relief, and the rebuilding of shelled cities. Then the people could use the irredeemable money to buy foreign goods as long as the foreign exchange markets would take it.

Most of the continental nations did it the easy way at first, and then the hard way after internal currency disorders had brought about intolerable domestic conditions. The solution of their problems was merely deferred when billions were wasted in 1919 and 1920 in the futile supporting of foreign exchange rates.

All this may be summed up by noting that we had after the last war an extensive, and very expensive, experience with the workings of an informal but real International Monetary Fund. The strong currencies, which were the dollar and the pound, were used to support the weak currencies in the foreign exchange markets. The support was given before the nations having the weak currencies had seriously attempted to put their domestic economies in order.

We financed an export boom while we were still short of goods, and brought on inflation here, followed by depression. When we stopped extending credit to the countries of Europe they had inflations, followed by depressions. The experiment was a complete and costly failure for them and for us.

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Pennsylvania Brevities

(Continued from page 1948)

Pennsylvania RR. and eight by Richmond, Fredericksburg & Potomac. Total cost is about $4,500,000.

Gross revenues of Philadelphia Electric Co. continue to reflect steady growth. For the 12 months ended March 31, 1945, the company reported $99,878,625, compared with $94,779,861 for the comparable preceding period. Per share earnings on the 8,160,317 common shares outstanding were $1.55, compared with $1.33.

Sales of Philco Corp. for 1944 totaled $152,933,250, an increase of 31% from the 1943 total of $116,395,598. Working capital rose to $16,195,600 from $14,272,800.

Steel production in the Pittsburgh district started last Monday at 92%, unchanged from the week before. A month ago the rate was 93% and a year ago 96%.

Personnel Notes

Eugene G. Grace, President of Bethlehem Steel Corp., states that he foresees a possible decline in steel production of 25% to 30% from present levels in the period between the lessening of war demands and the resumption of civilian goods output. Post-war demands will come largely from the automobile industry, manufacturers of refrigerators, radios and other household equipment, railroad equipment and construction, both industrial and housing. He also foresees an extensive export demand.

Mr. Grace said that he believes that plants built mainly for war purposes should not be scrapped but should be preserved for future use. He stated that the Army and the Navy should be maintained at high level "so we will not again be caught with our 'plants' down."

J. H. Henshaw, Pittsburgh Plate Glass Co., has been appointed general export manager.

In high attendance at the STANY dinner in New York, April 20, was C. L. Wallingford, E. H. Rollins & Sons, Philadelphia, and party of guests. When the Sherry-Netherland's comptroller totals up his chits at month-end, Sherneth 3-5¾s ought to be good for a couple of points.

"Happy Harry" Fahrig, Reynolds & Co., has received the nod from Uncle Sam and expects to be called this month. Rumor has it that Harry tried to knock himself out at the STANY party in anticipation of his ensuing physical examination but only succeeded in streamlining himself into acceptable condition.

It is reliably reported that A. J. Willis, H. M. Byllesby & Co., has given up fishing for olives until, at least, after the close of the present trout season.

Ingalls & Snyder Admit Two Partners

Ingalls & Snyder, 100 Broadway, New York City, members of the New York Stock Exchange, admitted Albrecht Pagenstecher, III and Daniel L. Monroe to partnership in the firm as of May 1st. Mr. Pagenstecher was formerly a partner in Coggeshall & Hicks and prior thereto in Marshall, Campbell & Co.

Private Wire Between Kitchen & Reilly

J. F. Reilly & Co., members New York Security Dealers Association, announce the removal of their offices to 40 Exchange Place.

Also announced is the installation of a new private wire between J. F. Reilly & Co. and Kitchen & Co., 135 South La Salle Street, Chicago, Illinois.

Living Costs Decline in 38 of 63 Cities in March

Living costs of wage earners and lower-salaried clerical workers declined from February to March in 38 out of 63 industrial cities surveyed each month by the National Industrial Conference Board. Increases were shown for 21 cities, while living costs were unchanged in 4 cities.

The Board's report of April 28 said:

The largest decrease, 0.8%, occurred in Newark. The others ranged from this to an 0.1% decrease in 12 cities. The increases ranged from 0.1% in Des Moines, Fall River, St. Paul and Toledo to 1.8% in Louisville. Dayton, Green Bay (Wisconsin), Parkersburg (West Virginia), and Rockford (Illinois) showed no change.

Over the year, all cities for which data are available show increases, with the exception of Newark, which had no change. Increases ranged from 0.5% in Akron and Roanoke to 4.6% in Huntington (West Virginia).

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Promise of the Future —Can We Muff It?

(Continued from first page)

established in 1913. Interest rates have fallen to an unprecedentedly low level, and there are shrill demands for further reductions. An economic philosophy is abroad which condemns savings and thrift,and so outrages the instincts and the minds of the majority. Government employees, called bureaucrats if you don't like them are putting their fingers into almost all activities. The fear of inflation disturbs the minds of most thinking people, and discussions of it drip from the printing presses like April showers. The future seems to many to present a dour face indeed.

These alarms make a market for the services of economists—or anyone who can use at least some of the jargon of that profession. These alarms are the reason why groups of men like yourselves will give an evening of your time and provide a good dinner to almost anyone who might conceivably carry around a crystal ball. These alarms put economists in somewhat the same enviable position as anyone who wears pants in this manless world. They are the reason why you subject yourselves to a talk by me. I am gratified at the compliment and I assure you that you are going to be disappointed because you will not receive definite, positive, certain answers to all the questions you have about the future.

Baffling and apprehension-raising as the current alarms are, they probably are no less disturbing than were those experienced by us in our younger days, or by people in preceding generations—if that is any consolation to you. For just a few moments, let us consider a little of the history of economic alarms. In Lord Macaulay's "History of England," published nearly a century ago, there is an interesting discussion which is worthy of thought today. I want to read you some passages from it:

"At every stage in the growth of that (public) debt, the nation has set up the same cry of anguish and despair. At every stage in the growth of that debt, it has been seriously asserted by wise men that bankruptcy and ruin were at hand . . . When the great contest with Louis XIV was finally terminated at the Peace of Utrecht (1713), the nation owed about £50 millions: and the debt was considered, not merely by the rude multitude, not merely by fox-hunting squires and coffee-house orators, but by acute and profound thinkers as an encumbrance which would permanently cripple the body politic . . . Then came the War of the Austrian Succession (1740-1748); and the debt rose to £80 millions. Pamphleteers, historians and orators pronounced that now, at all events, our case was desperate . . . Soon war again broke forth (1756); and under the energetic and prodigal administration of the first William Pitt, the debt rapidly swelled to £140 millions. As soon as the first intoxication of victory was over, men of theory and men of business almost unanimously pronounced that the fatal day had now really arrived . . . It was possible to prove by figures that the road to national ruin was through the national debt. It was idle, however, now to talk about the road: we had done with the road: we had reached the goal: all was over: all the revenues of the Island north of Trent and west of Reading were mortgaged. Better for us to have been conquered by Prussia or Austria than to be saddled with the interest of £140 million . . . The attempt to lay a portion of the load on the American colonies produced another war (1775). That war left us with an additional £100 millions of debt, and without the colonies whose help had been represented as indispensable. Again England was given over . . . Soon, however, the wars which sprang from the French Revolution and which far exceeded in cost any that the world had ever seen, tasked the powers of public credit to the utmost. When the world was again at rest, the funded debt of England amounted to £800 millions . . . It was, in truth, a gigantic, a fabulous debt; and we can hardly wonder that the cry of despair should have been louder than ever."

The United States has provided a series of equally anguished alarms. Those of you who read Keneth Roberts' fascinating historical novel, "Oliver Wiswell," may remember counterfeiter Tom Buell's caustic remarks about the currency being issued by the Continental Congress. Being told by Oliver to quit worrying about the money because it would soon be worth no more than the paper it was printed on, Buell replied:

"That's all it's worth now. That's all it'll ever be worth after a few more people find out what it's worth meaning nothing. My 40 dollar bills are just as good as Congress' 40 dollar bills, neither me nor Congress having anything to make 'em good with, so I got just as much right to issue 'em as Congress has. The rebels called themselves a government, didn't they, even though you and I and a million other Americans didn't want 'em to do it, and knew they hadn't any business to? All right: I'm a government too, Oliver! I'm the government of New India, up on Passamaquoddy Bay. This money of mine, it's the legal currency of New India, and I raised it by taxing myself. If I was a private individual, I'd be more careful: but being as I'm government, I'm privileged to make a God-damned fool of myself in any way I choose, especially by spending a lot more money than I've got or ever will have, and promising to do things I ain't got a chance of doing."

When Alexander Hamilton took over the newly established Treasury Department, the confusion of national and state debt and currency looked hopeless to many of his contemporaries. With the War of 1812 and the burning of Washington by the British, our national finances and our national existence were perilous. In the 1830's Andrew Jackson abused and abolished the second Bank of the United States and struck a body blow at the weak currency issued by the state banks, and there followed one of the worst depressions the country had experienced. With the Civil War came a vast rise in the public debt and the issuance of what seemed like a torrent of greenbacks to the despair of many in that day. Later in the century, the demands of the Populists, the Greenbackers and the other soft money groups, culminating in the Bryan free silver campaign, seemed to many surely to bring the country to, if not over, the brink of ruin. And then came the World War in which our public debt increased some 2100%, and to many there seemed little hope.

The history of alarm could be further expanded among the English-speaking people by a summary of the catalogue of Canada, and Australia, and New Zealand. And those alarms mentioned for England and the United States are but the briefest indication of a list that any college student of history could expand so that the merest reading would keep us here all night. Today is, therefore, a repetition, and while its alarms seem to us more serious than those of other days, it is a question whether, if we were living in those times, without the knowledge of what actually followed, we would view today as the most frightening.

Groundless Alarms on Public Debt

The really significant fact that emerges from these historical considerations is that the alarms always proved to be groundless from the standpoint of society as a whole. Clearly certain individuals and businesses, unable to adapt themselves to changing conditions, were hurt — some indeed, were destroped. But for society, for the majority, these alarms have been but ephemeral clouds which vanished behind us in the ever-continuing upward progress to new heights of economic achievement and economic welfare. The security and the comfort which has been attained for nearly all Americans today, and to which those in the armed forces will return, exceeds anything available to any but the merest handful of persons of earlier days. The fact is, that while prominent, the economic alarms have not been the significant, the meaningful developments of the past. As Samuel Butler wrote in that delightful novel, "The Way of All Flesh," many years ago: "We have so long found life to be an affair of being rather frightened than hurt."

The explanation, I believe, of this difference between the prominence of the alarms and their actual insignificance lies in the inadequate attention given to two fundamentals; first, the moral stamina of the English-speaking peoples, and, second, their tremendous and ever-increasing capacity for production of goods and services. Through alarms and excursions, through thick and thin, through discomfort and relative abundance, the English-speaking peoples have evidenced through the centuries an inherent quality of fairness and justice and tolerance. By instinct and by intellect they have not strayed far or seriously from that course of conduct which includes the honoring of obligations and the social and economic conduct conducive to economic progress. In this continued and pervasive environment, they have exercised a God-given ingenuity and utilized God-given natural resources to produce more and more and more goods and services to satisfy economic desires, and they have produced them cheaper and cheaper and cheaper.

These are the realities — the moral stamina and the technological ingenuity of the English-speaking peoples. They are the basis for the subtitle of this address, drawn also from Lord Macaulay, and I repeat it:

> "No man who is correctly informed as to the past will be disposed to take a morose or desponding view of the present."

The question you are doubtless asking is whether, assuming the validity of these historical dialectics, those two conditions still prevail today. I believe that they do. I believe that the moral stamina of the English-speaking peoples is as strong as ever it was, and that the technological ingenuity is, if anything, greater. While some today talk of dubious courses of conduct regarding financial, economic and social obligations, the fact is that overwhelmingly people still meet their obligations and treat each other with at least as much fairness as in the past.

For example, lenders operating in the small loan field, boast that they can lend $100 to every person in a crowded subway car who wishes to borrow it, without any investigation, and receive repayment. The record for honoring obligations on home mortgages is tremendously impressive. The record for the payment of the most onerous taxes we have ever known is, despite some tax evasion by an unscrupulous few, remarkably good for the overwhelming majority of people. Virtually every family in the United States is providing for its future by regular life insurance premium payments and did so even throughout the depression. The operation of the Selective Service, of rationing, and a whole host of other onerous, tedious and uncomfortable procedures demonstrate the high morality of the majority. The fact is the mass of today's regulation and taxation and public and private obligations would fail immediately if it depended for its success upon enforcement.

Evidence of the continuing presence of technological ingenuity and productive capacity is doubtless unnecessary in view of the tremendous production accomplishments attained in this war. Short of critical materials—desperately short in some cases—drained of the most able manpower and womanpower, proceeding under a mass of unfamiliar and often inefficient regulations, working for hours and under a strain by no means conducive to efficiency, the American economic system has, by its technological ingenuity, amazed the world and amazed itself, and overwhelmed the most powerful of enemies by an incredible mass of all the materials of war.

The history, therefore, of the basic significance of moral stamina and productive ability, together with the evidence that these two most powerful forces exist undiminished, and perhaps more than undiminished, permits us, I think, to talk with serious confidence about a future filled with promise. There is a promise, a very real promise, of prosperity, of a high and ever higher standard of living, of security and of welfare for this nation and this world in the years that lie ahead. It is a promise of incredible abundance.

But the title covering this discussion has another part, and that part reads, "Can We Muff It?" The simple, short, direct answer is, of course. Of course we can muff it. Of course we can fail to enjoy the pleasure of this delectable fruit which lies within our reach. Of course we can be foolish enough to make unworkable the finest automobile ever assembled which awaits at the door to carry us into Utopia. There are, as I see it, four great possibilities for us to muff the wonderful promise of the future.

Pied Pipers of Easy Money

The first of the muffing possibilities is that the country will follow the pied pipers of easy money, that an interest rate too low to permit continued economic progress will be established. The size of the public debt creates a strong argument for an aggressive public policy to make interest rates very low in order to minimize the interest charge on the Federal budget. Other borrowers also are demanding low interest rates, not least prominent among them being some groups concerned with housing. And there is an economic philosophy abroad, usually connected with the name of a famous British peer, which dolorously contends that if interest rates are not kept low and moved ever lower, society will surely suffocate in savings.

But if these special pleadings of borrowers and this dangerous philosophy are heeded, and interest rates are depressed to too low a level, the very heart of economic progress may be stopped from functioning. That heart is

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the formation of capital, and capital is, on the one hand, the instrument through which ingenious technology moves to increase production, and, on the other, the element which gives us more and better comforts of housing and other durable consumption goods. Furthermore, too low interest rates threaten the functioning of the great institutions which have serviced the growth and development of this country: the banking system, life insurance, the capital markets, the great endowment organizations for education, research and health. Interest rates can be depressed to a level where they do not provide the incentive for adequate savings and for the necessary amounts to cover expenses of operation of savings and financial institutions and to cover losses which are an inevitable accompaniment of the administration of funds.

Let me apply this to your own field. The funds which provide mortgage loans must be obtained by paying some return to savers, and, in addition, the rate of interest must cover the costs of operation and losses. The necessary payments to savers and amounts to cover expenses vary with differing institutions. Amounts necessary to cover losses have not been very extensively determined because the real estate business seems to have believed itself under the injunction given Lot's wife, never to look back to see results. But you all know that there have been losses and sizeable ones. And when you contemplate the depreciation which resulted from rapid city decentralization in the past two decades and the depreciation due to improved technology and changing styles of buildings—and when you project these forces of depreciation with the possibility that decentralization, which was rapid in the last two decades, will be explosive in the next two decades and that technology and style changes, which have moved at a walk, may proceed at a gallop in the years to come — you surely cannot feel that a mere negligible allowance for loss is needed in the interest rate.

Dangers of Over Pricing

The second muffing possibility is that producers will try to overprice their products. Tendancies are observable for produceds to try to fix prices which they consider fair and just. But prices which producers consider fair and just may be prices that consumers either cannot or will not pay. If our laundry cost is fixed at a point my wife feels to be too high, she will do it herself, and we will buy no laundry service. If costs of doing business are fixed at too high a level, business just won't be done. If building costs become disproportionate, the amount of building will simply shrink. The object of producers should be as it has been in the past, to find a cheaper way of providing a better product, instead of trying to impose upon little Nell Consumer a price that they want for doing things the easy way. I would urge that you put in your hat the message sent by British Prime Minister Canning to his representative at the Hague in 1830, when negotiations were in progress between England and Holland on a trade treaty. His message was a simple one:

> "In matters of commerce, the
> fault of the Dutch
> Is in offering too little, and
> asking too much."

I leave it to you whether the building business is a Dutchman, but I would remind you that there are not a few people who vigorously charge that it is.

The third great muffing possibility is that this country will continue its misguided pursuit of of nationalism. Excessive nationalism over the years has focused every economic and political interest in the national government of the nation state. It has made the state the aggrandizing representative in world affairs of the local producer and the local self-interest groups. It has tended to subordinate the market place which equilibrated supply and demand through peaceful haggling, and has set, instead, a state which dumps surplus products to the detriment of others, which imposes inordinate tariff walls against foreign producers, which fathers cartels which fix prices and regulate production in the interest of the producer insted of the consumer — and which backs all these arbitrary procedures by armed force. The system of division of labor, by which everyone specializes and produces much, instead of everyone being a jack-of-all-trades and producing little, is lost in the process. Carried only a little farther than some economic nationalists urge, it would lead to the growing of pineapples along the Penobscot and the Pawtuxet, the production of coffee beans along the Columbia and the Connecticut, and the cultivation of cocoanuts along the Kennebec and dates along the Delaware — all of which would be perfectly possible, but fantastically wasteful. War and destruction are the demonstrably inevitable results of this over-emphasis upon nationalism, and peace and economic progress are lost.

The establishment of an international order, utilizing the division of labor and the international market place, together with the necessary de-emphasis of the nation state, will necessitate flexibility and change. If someone abroad can produce a better product, cheaper, the less efficient producer here should be compelled to find sime other work which he can do better than what he is doing. This may entail some business failures and some loss of jobs — yes, and some depreciation of real estate in the affected places — but the alternative is failure of economic progress instead of failure of an individual business unit; it is agonizing death on a battle field, instead of losses of an occasional job and the need to move to another; it is destruction of vast areas by rockets and robot bombs the next time instead of an occasional depreciation of a piece of real estate.

The fourth great possibility for muffing the promise of the future is excessive governmental intervention into economic and social processes. Such excessive intervention may occur because interest rates are set too low and the government has to try to make up for the deficiencies in capital formation and institutional function. It may occur because production and employment are impaired by "asking too much," and the government attempts to make up the deficit of production and employment. It may be entailed by an over-emphasis on nationalism with the resulting necessity for this nation to live as an armed camp. Or it may occur because we try to turn over responsibilities and obligations to the government instead of being sufficiently enterprising to find new ways to do new things and to solve new problems in a changing world. But excessive government intervention, however brought about, will in time impair technology and stop progress; it can put us all in subsidized housing instead of the promised miracle housing of the future. Instead of elaborating this point, I urge you to read Hayek's "Road to Serfdom," recently published by the University of Chicago. Or if you just can't find the time to read even this little book on so important a subject, buy the latest "Reader's Digest" which will give it to you in capsule form —and even that is sufficient to curl your hair.

In another recently published book which I have viewed with particular interest, the authors found occasion at one point to try to refute critics in advance, and for just a moment I want to follow the example of the authors of that estimable book. In the comments on the four great possibilities of muffing, there is intended no advocacy of usuriously high interest rates, nor of any interest rates higher than necessary to give this country an adequate volume of capital formation, and thus assure the continued beneficent existence of its necessary institutions. In discussion of overpricing, there is intended no advocacy of starvation for producers. The plea against excessive nationalism is no urgence of anarchy. And the diatribe, if you choose to call it so, against excessive government intervention is no advocacy of a do-nothing government or any abortive "return to normalcy"; the role of government will necessarily be a large one in the future. The dangers of public deficits and public debt are not intended to be dismissed, for they are very real, and they certainly must be overcome. Finally, a future filled with promise cannot be expected to be a future wholly free of problems—including business fluctuations.

The list of possibilities for muffing the promise of the future presents impressive problems, and they could be elaborated beyond this brief discussion. These problems are imponderable and my crystal ball is incapable of giving you precise answers to them or demonstrable assurance that they will be surmounted. Everyone of us must interpret them and judge for himself their probable outcome.

But for myself, I weigh the two great historic forces of moral stamina and expanding productive capacity somewhat more heavily than the more prominent economic alarms, and I weigh the promise of the future somewhat more heavily than the problems of the future. And so, despite periods of apprehension and occasional doubt, I take my stand at that spot described by Disraeli, the great British Prime Minister, as being "on the side of the angels."

IBA Proposes "Community Investment Companies" to Finance Small Business

(Continued from page 1941)

by them for stock of the Federal Deposit Insurance Corporation and these funds could be made available by Congress without a specific appropriation. It also suggested that the debentures run for 25 years and bear an interest rate fixed "at a moderate differential above the Federal Reserve rediscount rate."

Two classes of stock were proposed for the investment companies. Class A shares would be sold to raise capital Class B shares, junior in liquidation, would be issued to business concerns which obtained funds from the investment company.

The enterprise getting financing could be required to put as much as 10% of the proceeds into class B stock, the amount up to this maximum depending upon the degree of risk in the loan or investment. This contribution of benefitted business to the capital of the investment company would be in the nature of insurance to cover losses, the banker said.

Ample incentives for prompt and effective action in communities all over the country are thus provided in the banker's opinion. "On the one hand, the local investment companies would have the right to borrow on attractive terms from their Federal Reserve Bank and would have considerable protection against losses by the cushion created through the issuance of class B shares," Mr. Fennelly told the Congressional committee. "These two features should make the establishment of such investment companies a reasonably sound business proposition, although we believe that civic pride will furnish a greater driving force than the profit possibilities."

On the theory that small businesses usually need expert management advice and technical assistance as much as capital, the investment companies should be authorized to provide advice and aid for fees, the banker said.

An analysis of all factors in small business financial problems led the I. B. A. committee to make this proposal, Mr. Fennelly said.

Conclusions reached by the analysis were:

(a) The investment banking mechanism is not equipped to take care of the capital needs of small business and cannot be expected to do so.

(b) The sources both internal and external, which formerly supplied the great bulk of small business capital have largely dried up under the withering effect of Federal taxation and the influence of social change.

(c) This serious situation is presently obscured by the blanket of a wartime economy. It will come to light, and may confront us with a crisis, when small business is faced with the problems of the changeover to a normal peacetime economy.

(d) Private enterprise must find a constructive and realistic solution of this problem, or else accept the inevitable result that government credit will be used to fill the existing void.

Major drawback to government loans or guarantees for small business is that a governmental body is under compulsion to treat all citizens alike, the banker said, adding, "moreover, a political lending body makes a record chiefly by its activity in extending credit rather than by its judicial restraint," his report said.

Exceptional circumstances were said to exist in the case of farm and home mortgage financing, the Reconstruction Finance Corporation and the wartime loan guarantees of the Federal Government.

Credit insurance schemes were said to have the drawback of increasing costs on good risks to compensate for losses on others. Tax revisions can help the problem of getting venture capital for new and small businesses but it cannot be expected, the banker said, to come fast enough or give enough relief to permit new enterprises to grow from retained earnings.

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William W. Cumberland, formerly a partner in Wellington & Co., has become associated with Ladenburg, Thalmann & Co., 25 Broad Street, New York City, members of the New York and Philadelphia Stock Exchanges. Mr. Cumberland at present is active as a representative of the National Association of Manufacturers at the United Nations Conference on International Organization at San Francisco and is a member of the Economists' National Committee on Monetary Policy.

Slaughter, Horne & Co. to Admit Shepherd as Partner

H. Rudolph Shepherd will become a partner, as of June 1st, in Slaughter, Horne & Co., 66 Beaver Street, New York City, members of the New York Stock Exchange.

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Railroad Securities

Pere Marquette

As recently as 1943 Pere Marquette was considered a marginal road, its 5% bonds selling as low as 64. Since then a financial metamorphosis has occurred which is typical of what has taken place in the fortunes of many of our Class I carriers.

Since 1929 peak funded debt of Pere Marquette was $77.27 million, reached in 1931. Subsequent to the recent refinancing, debt has been reduced to $57.47 million, a net reduction of 25.62% from the peak.

Fixed charges, however, have shown a substantially greater reduction. Peak fixed charges occurred in the year 1932 when they stood at $3.77 million and after the recent sale of $50 million First 3⅜s, making allowance for interest charges on $7.47 million of equipment obligations, they are at the annual rate of $1,837,000. This represents a decline of 51.35% in charges.

Parenthetically we might point out that railroad analysts should bear in mind that even more important than the reduction in funded debt already effected by Class I railroads from roughly $11.88 billion to $7.56 billion estimated post-war (including $1.3 billion contingent interest debt) is the reduction in interest charges. True, as yet interest charges have not been reduced as much as now seems probable in the light of anticipated refundings of sizable amounts of both senior and junior bonds of some of the more important systems which have as yet not refunded. Specifically, over the next year or more systems like the New York Central, Illinois Central, Northern Pacific, Southern Pacific, to name but a few, are likely to effect substantial further interest savings. Pere Marquette is typical of this trend.

Now that Pere Marquette has been able to effect a refunding operation and has been able to restore its credit, there is little attractiveness in the senior issue for the average investor. The present bond is essentially an institutional issue, for it is well supported by satisfactory net ton miles per dollar of debt, and the road's prospects both currently and post-war will probably result in even greater institutional interest than appears evident at the present time.

Speculative interest is centered on the two preferred stocks junior to the $50 million First Mortgage 3⅜s and the $7.4 million Equipment Trust obligations previously referred to.

There are 111,999 shares of 5% Prior Preference stock selling currently at 114, a far cry from the low price established in 1940 of 17¼. As of Feb. 1, 1945, there were arrearages of $36.25 a share on this stock so that the net price is reduced to $78 per share. Call price is 100. In terms of cash accumulations the $36.25 per share is equivalent to $4,059,972.

Financial position of Pere Marquette is quite adequate, net working capital on Dec. 31, 1944, amounting to $9,690,000 to which should be added probable cash inflow resulting from a credit of a minimum of 50% of the total amount of emergency facilities unamortized at the end of 1944 and authorized by the WPB under Certificates of Necessity. This comfortable financial position presages that steps will be taken to pay off these arrearages in cash over the next year or more, especially as the credit of the road has now been reestablished.

Junior to the Prior Preference stock are 124,288 shares of 5% Cumulative Preferred stock with arrears as of Feb. 1, 1945 of $67.50 per share. Current price of this stock is 98 or, deducting the accumulated dividends, $31, or six points lower than the price at which the common sells currently. This stock is also callable at $100 per share. Total cash arrearages on this stock are $8,389,740. It may be of interest to readers to note that accumulations on both stocks now total $12.4 million, slightly less than the amount of debt which Pere Marquette retired in the years 1942-44, inclusive, which suggests that arrearages are far less formidable an obstacle than might appear at first glance. These arrears can and probably will be liquidated over the next ensuing years either through cash payments or through the issuance of alternate securities.

Both preferreds are attractive in their own right. The senior preferred earned $31.41 per share last year and has recently inaugurated dividends at the rate of $5 per share. The junior stock, without making any allowance for arrearages, earned $27.42 per share. On the basis of our projected post-war earnings (this carrier being in line to benefit by the expected post-war activity in the automotive industry), making allowance for the reduction in fixed charges already effected, the first preferred dividend should be earned over six times and junior preferred slightly less than five times and on an overall basis slightly over three times.

The common stock, of which there are 450,448 shares outstanding, represents a leverage situation. As compared with the preferred stock it seems adequately priced. In fact the junior preferred, minus arrears, is selling, as previously indicated, at $6 per share less than the common. The common, however, has some measure of attractiveness in connection with eventual merger with Chesapeake & Ohio.

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Geo. Gillies Elected V.-P. of Mellon Sec.

The election of George J. Gillies as Vice-President in charge of the Municipal Department of Mellon Securities Corporation was announced. After May 15, he will be at the New York office of Mellen Securities Corporation, 2 Wall Street.

Mr. Gillies has been associated with Blair & Co., Inc. and predecessor companies since 1927. He has been Vice-President in charge of municipal bonds of that company since 1930. He began his career in Wall Street in 1919 with the firm of Kissel, Kinnicutt & Co.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Herman B. Baruch, general partner in H. Hentz & Co., New York City, became a limited partner as of May 1.

Reginald A. Saunders withdrew from partnership in J. W. Davis & Co., New York City, on April 30.

Frederick M. Heimerdinger and James L. Weiskopf retired from partnership in Emanuel & Co., New York City, on April 30.

Frank J. Warne retired from Hewitt, Lauderdale & Co., New York City, on April 30.

George B. Brookes, Jr., and Exchange member and a limited partner in Wainwright, Luce & Willetts withdrew from the firm on April 30.

Edward P. Field withdrew from partnership in J. R. Williston & Co., New York City, on April 30.

As of May 2, 1942 J. C. Louis & Co. became inactive during the period that all active general partners were engaged in War Service. As of May 1, 1945 the firm resumed the status of an active member firm.

Interest of the late Arthur G. Cable in Shearson, Hammill & Co., ceased on April 12.

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Independent Bankers Association Favors Bretton Woods

(Continued from page 1939)

should be separated; while they supplement each other, their tasks are different. The Bank is much of the pattern of a loaning institution — nothing new or revolutionary about it. The Fund is for the stabilization of international exchange and the ideas proposed are new — frankly, untried but the emergency is such that we are justified in pioneering. The Bank, as well as business in general, will find it difficult to operate unless the monies of the world have a known and stable value.

"The situation that now confronts the world with our unstable international exchange is somewhat like the situation that this country faced in the days of wildcat banking, in the days when each state bank issued its own currency and this currency had a depreciated value when it was used any distance from home or where the standing of the bank of issue was unknown. This unstable currency made it difficult to do business. The difficulties were further accentuated by the fact that scarcely two states in the union had systems that were alike. Some states chartered their banks with proper restrictions; others did not. In 1863 the Congress realizing that the situation must be remedied brought forth the National Bank Act and while this Act also provided for the sale of federal securities, the primary motive according to the statements of President Lincoln at that time was largely to provide the nation with a currency that would be accepted at face value anywhere within the country. This analogy, while far from perfect, illustrates a bit, I believe, the point we are trying to make. In 1863 we remedied a bad domestic situation. — In 1945 if we follow the Bretton Woods Plan we can, we believe, remedy an international situation."

"In the post-war period, due to our increased productivity both of factory goods and farm produce, we must have a good foreign market or we will be faced with an embarrassing surplus and a surplus means fewer employees, the beginning of deflation and serious trouble at home and at a time when jobs must be expanded to take care of our returning servicemen.

Presumably, this agreement is not 100 per cent perfect and it is doubtful if an agreement with numerous other nations can be drawn that would be free from criticism. Dr. Burgess, for whom I have great respect, is reported as saying that seven-eighths of the Agreement is satisfactory. This statement is almost tantamount to a blanket endorsement, and it is hardly worthwhile to raise confusion over the one-eighth controversial part. It appears to us that the Fund Agreement is elastic enough to permit changes as operational experiences suggest as necessary."

Referring to the opposition to the International Fund by the American Bankers Association, Mr. DuBois remarked that "we are sorry that the American Bankers Association doesn't see this issue as we do. We feel that they are morally wrong and we hate to see that great organization make another mistake as it did when it officially opposed the Federal Reserve System, The Federal Deposit Insurance Corporation, The Securities Exchange Commisison and many other forward movements which they condemned because they were new and untried and which now they wholeheartedly approve and support. We are hoping that the Congress will not give too much consideration to the transitory criticisms of the American Bankers Association.

"Wars originate in bad economic atmosphere. Armed clashes follow economic wars. The people of this country know that self-preservation is dependent upon a stable and peaceful world; and that another war would destroy civilization.

If we are to have a stable and peaceful world, we must do away with the causes of war. One cause is bad economic conditions, confusion in international exchange and barriers to trade between nations.

The Bretton Woods Agreements represent the machinery that will, we believe, help stabilize monetary relationship between the nations of the world.

"Harold Stassen, former Governor of my State who has spent some time in the Navy on the Pacific, recently delivered an outstanding address at our State University. This young man has a far-seeing eye. He realizes that we must lift our sights in the crucial times ahead. Speaking of the San Francisco Conference, to which he is a delegate, he made this statement: We quote, "This means, of course, that the result will not be, and cannot be, entirely in accord with any nation's or any person's individual views. But, I cannot say too emphatically, that the alternative to finding the broad areas of agreement is to do nothing at all. And nothing at all would start us on our way along the short road of inaction, to worldwide depressions and to the next and most tragic world war, That is not an acceptable alternative." These remarks could easily have been directed toward the Bretton Woods Agreements.

"After our experiences of the last war and this war, we all realize the need of setting up a system of international collaboration. We are sure that the majority of the bankers have enough pioneering instinct to be in favor of a new scheme of action. To criticize a plan of lending because it is *novel* and contrary to accepted credit principles indicates perhaps that we are static, opposed to progress. I can remember when we bankers did not care to make installment loans on automobiles. Our views have changed.

"The end of this war wlil find economic conditions chaotic and if the different countries must go through the wringer to stabilize their economy, woe to the World. We must have a device that will step in quickly and in a large measure build order out of chaos. And, in the hopes of building a more stable economy, we can afford to take risks.

"We believe that the people of this country want the passage of this enabling act to make this Bretton Woods Plan a workable agreement. We are war weary; we are united in our decision to make this the last war, and we know that if that is to be done, the whole machinery of international relationship must be revamped. We must be as courageous in building a peaceful World as we have been courageous in fighting this terrible war.

"We respectfully urge a favorable report by this Committee of Enabling Act H. R. 2211, without crippling amendments. We feel that if the Bretton Woods Plan is tampered with, the whole scheme will be delayed and perhaps ultimately defeated. The alternative of 'no plan' would be chaos, indeed."

SEC Hearing Postponed

A hearing, scheduled for May 2nd, to determine whether the broker-dealer registration of Ira Haupt & Co. should be revoked or suspended, and the firm expelled from the National Association of Securities Dealers, Inc., was postponed by the Securities and Exchange Commission at the request of counsel for the firm and the agency.

This is the fifth adjournment of the case, originally scheduled for December 20th, which concerns distribution of Park & Tilford stock by David A. Schulte and associates.

NOTICE OF REDEMPTION

To the Holders and Registered Owners of

READING COMPANY

General and Refunding Mortgage Four and One-Half Per Cent. Gold Bonds, Series A, due January 1, 1997

General and Refunding Mortgage Four and One-Half Per Cent. Gold Bonds, Series B, due January 1, 1997

NOTICE IS HEREBY GIVEN, pursuant to the provisions of Article Four of the Mortgage and Deed of Trust dated January 2, 1924, of Reading Company to Central Union Trust Company of New York (now Central Hanover Bank and Trust Company), Trustee, and the provisions of the above mentioned Bonds secured by said Mortgage and Deed of Trust, that Reading Company has elected to redeem, and will pay and redeem on July 1, 1945, all of its General and Refunding Mortgage Four and One-Half Per Cent. Gold Bonds of Series A and Series B, and on said date there will become and be due and payable upon each of said Bonds so to be redeemed, at the office of Central Hanover Bank and Trust Company, 70 Broadway, New York 15, N. Y., one hundred five per cent. (105%) of the principal amount thereof, together with accrued interest to July 1, 1945, and said Bonds are required to be then presented at said office for payment and redemption.

Coupon Bonds must be accompanied by all coupons thereto appertaining, maturing on and after July 1, 1945. Bonds in fully registered form, or in coupon form registered as to principal, must be accompanied by properly executed instruments of assignment and transfer in blank. Proper ownership certificates covering July 1, 1945, interest coupons should accompany the Bonds when presented for payment.

Interest on all Bonds hereby called for redemption will cease to accrue from and after July 1, 1945, and any interest coupons maturing after said redemption date which appertain to said Bonds in coupon form shall be void.

READING COMPANY
By R. W. BROWN, *President*.

May 2, 1945.

PREPAYMENT PRIVILEGE

Holders and registered owners of the above mentioned Reading Company General and Refunding Mortgage Four and One-Half Per Cent. Gold Bonds of Series A and Series B, called for redemption on July 1, 1945, may at any time on and after May 2, 1945, obtain payment of the redemption price of said Bonds, together with interest accrued to July 1, 1945, upon surrender of their Bonds in the above manner.

This announcement is not an offer to sell or a solicitation of an offer to buy these securities.
The offering is made only by the Offering Circular.

$58,000,000

The New York, Chicago and St. Louis Railroad Company

Refunding Mortgage 3¼% Bonds, Series E

To be dated June 1, 1945 — To be due June 1, 1980

The issuance and sale of these Bonds are subject to authorization by the Interstate Commerce Commission

Price 101% and accrued interest

The Offering Circular may be obtained in any State in which this announcement is circulated from only such of the undersigned and other dealers as may lawfully offer these securities in such State.

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SWISS AMERICAN CORPORATION

April 27, 1945.

ADVERTISEMENT ADVERTISEMENT ADVERTISEMENT

UNION PACIFIC RAILROAD COMPANY

FORTY-EIGHTH ANNUAL REPORT — YEAR ENDED DECEMBER 31, 1944

To the Stockholders of Union Pacific Railroad Company:

The Board of Directors submits the following report for the year ended December 31, 1944, for the Union Pacific Railroad Company, including Oregon Short Line Railroad Company, Oregon-Washington Railroad & Navigation Company, Los Angeles & Salt Lake Railroad Company and The St. Joseph and Grand Island Railway Company, whose properties are leased to the Union Pacific Railroad Company. The lessor companies have certain income and charges, and the figures in the Income Account, other than those relating to transportation operations, and in the Surplus Account and General Balance Sheet and tabulations and tables relating thereto are stated on a consolidated basis, *excluding offsetting accounts between the companies.*

INCOME

The operated mileage at close of year and income for the year 1944, compared with 1943, were as follows:

Operated Mileage at Close of Year		1944	1943	Increase	Decrease
Miles of road		9,780.50	9,781.57	--------	1.07
Miles of additional main track		1,541.38	1,540.07	1.31	
Miles of yard tracks and sidings		4,394.06	4,360.73	33.33	
Total Mileage Operated		15,715.94	15,682.37	33.57	
Transportation Operations					
Operating revenues		$506,590,966.01	$480,274,934.19	$26,316,031.82	
Operating expenses		314,959,801.98	300,074,772.40	14,885,029.58	
Revenues over expenses		$191,631,164.03	$180,200,161.79	$11,431,002.24	
Taxes		141,806,202.65	126,063,144.79	15,743,057.86	
Railway Operating Income		$49,824,961.38	$54,137,017.00	--------	$4,312,055.62
Rents from use of joint tracks, yards, and terminal facilities		1,867,788.11	1,806,832.53	$60,955.58	
		$51,692,749.49	$55,943,849.53	--------	$4,251,100.04
Hire of equipment—debit balance		$11,599,125.91	$11,769,780.36	--------	$170,654.45
Rents for use of joint tracks, yards, and terminal facilities		3,567,608.17	2,968,214.03	$599,394.14	
		$15,166,734.08	$14,737,994.39	$428,739.69	
Net Income from Transportation Operations		**$36,526,015.41**	**$41,205,855.14**	--------	**$4,679,839.73**
Income from Investments and Sources other than Transportation Operations					
Income from oil operations in Southern California—net		$7,681,904.09	$8,836,651.48	--------	$1,154,747.39
Dividends on stocks owned		5,264,019.50	4,646,877.50	$617,142.00	
Interest on bonds, notes, and equipment trust certificates owned		2,149,737.90	1,968,880.78	180,857.12	
Income from unfunded securities and accounts		1,805,198.14	1,036,950.32	(a) 768,247.82	
Rents from lease of road and equipment		172,242.87	188,050.06	--------	15,807.19
Miscellaneous rents		432,680.43	404,982.51	27,697.92	
Miscellaneous income		2,895,634.95	1,793,638.08	1,101,996.87	
Total		$20,401,417.88	$18,876,030.73	$1,525,387.15	
Total Income		$56,927,433.29	$60,081,885.87	--------	$3,154,452.58
Fixed and Other Charges					
Interest on funded debt		$14,110,071.76	$13,570,444.39	$539,627.37	
Interest on unfunded debt		1,029,609.23	567,147.93	462,461.30	
Miscellaneous rents		50,872.48	48,975.15	1,897.33	
Miscellaneous charges		665,985.04	602,059.43	63,925.61	
Total		$15,856,538.51	$14,788,626.90	$1,067,911.61	
Net Income from All Sources		**$41,070,894.78**	**$45,293,258.97**	--------	**$4,222,364.19**
Released from "Reserve against possible refunds on U. S. Government shipments"		859,019.55	--------	$859,019.55	
Total for Disposition		**$41,929,914.33**	**$45,293,258.97**	--------	**$3,363,344.64**
DISPOSITION					
Appropriated to "Reserve against possible refunds on U. S. Government shipments"		--------	$10,000,000.00	--------	$10,000,000.00
Dividends on Stock of Union Pacific Railroad Co.:					
Preferred stock:					
2 per cent paid April 1, 1944	$1,990,862.00				
2 per cent paid October 2, 1944	1,990,862.00	$3,981,724.00	$3,981,724.00		
Common stock:					
1½ per cent paid April 1, 1944	$3,334,365.00				
1½ per cent paid July 1, 1944	3,334,365.00				
1½ per cent paid October 2, 1944	3,334,365.00				
1½ per cent payable January 2, 1945	3,334,365.00	13,337,460.00	13,337,460.00		
Total Dividends		$17,319,184.00	$17,319,184.00		
Transferred to Earned Surplus — Unappropriated		**$24,610,730.33**	**$17,974,074.97**	**$6,636,655.36**	

(a) Principally interest on short-term U. S. Government obligations.

Operating results for year 1944 compared with year 1943:

	1944	1943	Increase	Decrease	Per Cent
Average miles of road operated	9,781.57	9,817.07	--------	35.50	.4
OPERATING REVENUES					
Freight	$377,242,607.50	$357,590,629.30	$19,651,978.20	--------	5.5
Passenger	91,571,983.54	86,742,472.28	4,829,511.26	--------	5.6
Mail	8,617,087.89	7,591,031.31	1,026,056.58	--------	13.5
Express	7,572,964.98	6,948,722.07	624,242.91	--------	9.0
Other passenger-train	10,088,014.08	10,856,957.62	--------	$768,943.54	7.1
Switching	2,847,164.45	2,804,776.72	42,387.73	--------	1.5
Other	8,651,143.57	7,740,344.89	910,798.68	--------	11.8
Total operating revenues	$506,590,966.01	$480,274,934.19	$26,316,031.82	--------	5.5
OPERATING EXPENSES					
*Maintenance of way and structures	$63,195,849.39	$66,153,250.85	--------	$2,957,401.46	4.5
*Maintenance of equipment	85,426,029.59	82,040,968.89	$3,385,060.70	--------	4.1
Total maintenance	$148,621,878.98	$148,194,219.74	$427,659.24	--------	.3
Traffic	7,010,819.92	5,737,895.88	1,272,924.04	--------	22.2
Transportation—rail line	137,571,730.46	125,863,402.08	11,708,328.38	--------	9.3
Miscellaneous operations	13,392,357.28	12,296,457.31	1,095,899.97	--------	8.9
General	8,363,015.34	7,982,797.39	380,217.95	--------	4.8
Total operating expenses	$314,959,801.98	$300,074,772.40	$14,885,029.58	--------	5.0
Revenues over expenses	$191,631,164.03	$180,200,161.79	$11,431,002.24	--------	6.3

TAXES	1944	1943	Increase	Decrease	Per Cent
State and county	$10,332,893.57	$10,006,674.26	$326,219.31	--------	3.3
Federal income and excess-profits	$118,000,000.00	$103,000,000.00	$15,000,000.00	--------	14.6
Federal capital stock	2,445,951.25	2,095,026.49	350,924.76	--------	16.8
Federal unemployment insurance	5,186,303.14	5,216,242.79	--------	$29,939.65	.6
Federal retirement	5,621,139.80	5,653,102.61	--------	31,962.81	.6
Other Federal	219,914.89	92,098.64	127,816.25	--------	138.8
Total Federal	$131,473,309.08	$116,056,470.53	$15,416,838.55	--------	13.3
Total taxes	$141,806,202.65	$126,063,144.79	$15,743,057.86	--------	12.5
Railway operating income	$49,824,961.38	$54,137,017.00	--------	$4,312,055.62	8.0
Equipment rents (debit)	11,599,125.91	11,769,780.36	--------	170,654.45	1.4
Joint facility rents (debit)	1,699,820.06	1,161,381.50	$538,438.56	--------	46.4
Net railway operating income	$36,526,015.41	$41,205,855.14	--------	$4,679,839.73	11.4
Per cent—Operating expenses of operating revenues	62.17	62.48	--------	.31	.5
FREIGHT TRAFFIC *(Commercial Freight only)*					
Tons of revenue freight carried	57,116,601	53,707,020	3,409,581	--------	6.3
Ton-miles, revenue freight	37,125,602,435	35,114,333,801	2,011,268,634	--------	5.7
Average distance hauled per ton *(miles)*	650.00	653.81	--------	3.81	.6
Average revenue per ton-mile *(cents)*	1.016	1.018	--------	.002	.2
Average revenue per freight-train mile	$10.27	$9.84	$.43	--------	4.4
PASSENGER TRAFFIC *(Excludes Motor-Car Trains)*					
Revenue passengers carried	7,156,785	6,837,683	319,102	--------	4.7
Revenue passenger carried one mile	5,467,595,842	5,055,572,955	412,022,887	--------	8.1
Average distance hauled per passenger *(miles)*	763.97	739.37	24.60	--------	3.3
Average passengers per passenger-train mile	290.65	268.07	22.58	--------	8.4
Average revenue per passenger-mile *(cents)*	1.670	1.711	--------	.041	2.4
Average revenue per passenger-train mile, passengers only	$4.85	$4.59	$.26	--------	5.7
Average total revenue per passenger-train mile	$5.74	$5.47	$.27	--------	4.9

*Includes depreciation, amortization and retirement charges:

	1944	1943	Increase	Decrease
Maintenance of way and structures	$5,004,780.57	$5,726,974.51	--------	$722,193.94
Maintenance of equipment	14,965,085.50	13,869,226.25	$1,095,859.25	

GENERAL BALANCE SHEET—ASSETS

	December 31, 1944	December 31, 1943	Increase	Decrease
Investments:				
Road and Equipment	$1,054,782,257.71	$1,038,062,158.19	$16,720,099.52	
Less:				
Receipts from improvement and equipment fund	$23,823,091.13	$23,823,091.13		
Appropriations from income and surplus prior to July 1, 1907, credited to this account	13,310,236.52	13,310,236.52		
Total	$37,133,327.65	$37,133,327.65		
Road and equipment property	**$1,017,648,930.06**	**$1,000,928,830.54**	**$16,720,099.52**	
Donations and grants (Credit)	*$11,631,237.76*	*$11,601,881.04*	*$29,356.72*	
Sinking funds	$50.00	$50.00		
Deposits with trustees in lieu of mortgaged property	$2,083,908.41	$87,099.34	$1,996,809.07	
Miscellaneous physical property	$23,677,245.67	$23,415,009.00	$262,236.67	
Investments in affiliated companies:				
Stocks	$18,679,185.24	$18,679,175.24	$10.00	
Bonds and notes	4,268,113.87	4,244,230.08	23,883.79	
Advances	10,715,399.34	11,822,158.87	--------	$1,106,759.53
Total	$33,662,698.45	$34,745,564.19	--------	$1,082,865.74
Investments in other companies:				
Stocks	$64,405,621.39	$62,835,342.31	$1,570,279.08	
Bonds and notes	26,512,159.28	35,296,364.23	--------	$8,784,204.95
Total	$90,917,780.67	$98,131,706.54	--------	$7,213,925.87
Reserve for adjustment of investments in securities (Credit)	*$34,409,009.57*	*$34,460,580.68*	--------	(a) *$51,571.11*
Total Investments	**$1,121,950,365.93**	**$1,111,245,797.89**	**$10,704,568.04**	
Current Assets:				
Cash	$39,902,444.67	$49,668,817.16	--------	$9,766,372.49
*Temporary cash investments (U. S. Government securities)	200,000,000.00	150,000,000.00	$50,000,000.00	
Special deposits	4,665,663.92	1,190,326.88	3,475,337.04	
Loans and bills receivable	290.88	691.67	--------	400.79
Traffic and car-service balances—net	7,963,655.93	6,231,459.20	1,732,196.73	
Net balance receivable from agents and conductors	6,925,360.64	9,152,643.18	--------	2,227,282.54
Miscellaneous accounts receivable	29,218,263.87	38,307,142.90	--------	9,088,879.03
Material and supplies	36,798,727.30	37,271,076.62	--------	472,349.32
Interest and dividends receivable	1,973,037.27	1,385,807.87	587,229.40	
Rents receivable	73,894.98	74,247.44	--------	352.46
Other current assets:				
Baltimore and Ohio Railroad Co. capital stock applicable to payment of extra dividend of 1914	110,315.10	111,359.10	--------	1,044.00
Miscellaneous items	4,381.49	26,110.03	--------	21,728.54
Total Current Assets	$327,636,036.05	$293,419,682.05	$34,216,354.00	
Deferred Assets:				
Working fund advances	$105,961.02	$88,991.99	$16,969.03	
Estimated post-war refund of Federal excess-profits taxes	18,860,931.61	7,969,203.00	10,891,728.61	
Other deferred assets	31,972,659.20	37,706,538.94	--------	$5,733,879.74
Total Deferred Assets	$50,939,551.83	$45,764,733.93	$5,174,817.90	
Unadjusted Debits:				
Rents and insurance premiums paid in advance	$56,559.14	$14,689.20	$41,869.94	
Discount on funded debt	--------	541,440.32	--------	$541,440.32
Other unadjusted debits	6,572,379.38	4,973,782.49	1,598,596.89	
Total Unadjusted Debits	$6,628,938.52	$5,529,912.01	$1,099,026.51	
Grand Total	**$1,507,154,892.33**	**$1,455,960,125.88**	**$51,194,766.45**	

(a) Principally loss from sale of Baltimore & Ohio R. R. Co. common stock, charged to this account.

ADVERTISEMENT

GENERAL BALANCE SHEET—LIABILITIES

	December 31, 1944	December 31, 1943	Increase	Decrease
Capital Stock:				
Common stock	$222,302,500.00	$222,302,500.00		
Preferred stock	99,591,580.79	99,591,580.79		
Total Capital Stock	$321,894,080.79	$321,894,080.79		
Funded Debt	373,252,258.50	368,713,027.66	$4,539,230.84	
Total	$695,146,339.29	$690,607.108.45	$4,539,230.84	
Due to Affiliated Companies	$7,497,593.92	$7,256,427.72	$240,966.20	
Current Liabilities:				
Audited accounts and wages payable	$23,710,528.47	$21,172,642.15	$2,537,886.32	
Miscellaneous accounts payable	1,599,992.77	1,357,291.37	242,701.40	
Interest matured unpaid:				
Coupons matured, but not presented	1,588,996.76	1,198,563.76	390,433.00	
Coupons and interest on registered bonds, due first proximo	2,946,300.00	4,056,795.70	--------	$1,110,495.70
Dividends matured unpaid:				
Dividends due but uncalled for	299,211.30	256,918.58	42,292.72	
Extra dividend on common stock declared Jan. 8, 1914, payable to stockholders of record March 2, 1914, unpaid	119,058.41	120,187.05	--------	1,128.64
Dividend on common stock payable second proximo	3,334,365.00	3,334,365.00		
Unmatured interest accrued	1,143,140.42	678,689.99	464,450.43	
Unmatured rents accrued	240,605.95	223,594.18	17,011.77	
Accrued tax liability	141,920,620.43	126,622,054.84	15,298,565.59	
Other current liabilities	4,115,391.14	11,721,771.57	--------	7,606,380.43
Total Current Liabilities	$181,018,210.65	$170,742,874.19	$10,275,336.46	
Deferred Liabilities:				
Other deferred liabilities	$9,784,250.55	$10,617,435.15	--------	$833,184.60
Unadjusted Credits:				
Premium on funded debt	$1,162,244.58	$68,358.34	$1,093,886.24	
Reserve for fire insurance	12,904,361.41	12,038,375.50	865,985.91	
Reserve for depreciation	167,378,228.15	154,248,449.16	13,129,778.99	
Reserve for amortization of national defense projects	16,991,262.75	10,064,407.87	6,926,854.88	
Other unadjusted credits:				
Contingent interest	535,866.36	1,854,700.72	--------	$1,318,834.36
Miscellaneous items	20,481,442.23	24,425,546.03	--------	3,944,103.80
Total Unadjusted Credits	$219,453,405.48	$202,699,837.62	$16,753,567.86	
Total Liabilities	**$1,112,899,599.89**	**$1,081,923,683.13**	**$30,975,916.76**	
Surplus:				
Paid-in surplus	$860.00	$860.00		
Earned surplus—appropriated:				
Additions and betterments	$28,522,352.23	$28,522,352.23		
Funded debt retired through income and surplus	2,358,998.66	2,303,568.66	$55,430.00	
Sinking fund reserves	50.00	50.00		
Estimated post-war refund of Federal excess-profits taxes	--------	7,969,203.00	--------	$7,969,203.00
Reserve against possible refunds on U. S. Government shipments	9,140,980.45	10,000,000.00	--------	859,019.55
Total Earned Surplus—Appropriated	$40,022,381.34	$48,795,173.89	--------	$8,772,792.55
Earned Surplus—Unappropriated	**$314,661,881.36**	**$285,670,239.12**	**$28,991,642.24**	
Total Earned Surplus	$354,684,262.70	$334,465,413.01	$20,218,849.69	
Total Surplus	$354,685,122.70	$334,466,273.01	$20,218,849.69	
As this consolidated balance sheet excludes all intercompany items, securities of the Los Angeles & Salt Lake Railroad Company and The St. Joseph and Grand Island Railway Company owned by other System companies are not included. The difference between the par and face value of such securities as carried on the books of the issuing companies (less unextinguished discount on the bonds and discount charged to Earned Surplus—Unappropriated but added back in consolidating the accounts) and the amounts at which the securities are carried on the books of the owning companies is set up here to balance	$39,570,169.74	$39,570,169.74		
Grand Total	**$1,507,154,892.33**	**$1,455,960,125.88**	**$51,194,766.45**	

EXPENDITURES CHARGEABLE TO INVESTMENT IN ROAD AND EQUIPMENT PROPERTY

Additions and Betterments (excluding equipment)	$7,150,025.57
Equipment	11,699,999.75
Total Expenditures	$18,850,025.32
Credits to investment in Road and Equipment Property:	
Cost of property retired and not replaced	$1,113,266.56
Cost of equipment retired	1,016,659.24
Total Credits	$2,129,925.80
Net increase in investment in "Road and Equipment Property"	$16,720,099.52

A Proposed Treaty With Germany

(Continued from page 1938)

Rumania	Germany
1. Cession of the Dobrudja, depriving Rumania of outlet to sea; regulation and control of Danube.	Regulation and control of ports of Kiel, Stettin, Bremen and Hamburg.
2. Removal to Germany of gold of National Bank.	
3. Redemption at par of Rumanian bank notes printed by German Army during occupation of country and spent therein.	Redemption at par of native currency printed by German armies during occupation of various European countries and spent therein.
4. All foreign firms in Rumania to be liquidated and their acquisition by German firms to be arranged.	All German firms abroad and in liberated countries to be liquidated and their acquisition by United Nations interests to be arranged.
5. Cession of all Rumanian districts producing petroleum, coal, gold and manganese.	Cession of all territory east of the Oder; also of the Ruhr region, the Saar Basin, the Rhineland and Upper Silesia with possible internationalization of parts thereof.
6. All Rumanian demesnes to be leased for exploitation and development to a German company for a period of 90 years, Rumania to furnish all the labor required therefor.	Germany to furnish all the labor required for the reconstruction and rehabilitation of territories and districts destroyed or damaged by the German armies.
7. Rumania to grant to Germany for 90 years the exclusive right to exploit and develop all land producing or possessing oil, natural gas, asphalt and bituminous products.	
8. Rumania agrees to sell to Germany for a period of two years (Germany reserving the right to extend the period for an additional seven years) all agricultural and mineral surplus at not exceeding 50% of the prevailing market for such products.	
9. Rumania's indemnity placed at 9,000,000,000 lei (according to Baron Von Kuehlemann), equivalent to $1,738,280,000, or about $250 for each man, woman and child in Rumania at the time.	Taking into account certain economic indices, as they applied to Rumania in 1918, and projecting them in regard to Germany, the indemnity to be paid by the Reich may be placed at $31,250,000,000.
10. Rumania agrees to maintain indefinitely six German divisions as an army of occupation, presumably to enforce the terms of the treaty.	Germany agrees to maintain indefinitely 60 United Nations divisions as armies of occupation to see to it that the Germans live up to the provisions of the treaty.

For the purpose of elucidating the above suggestions, the following notes are submitted:

1. Students familiar with the geographic position of Rumania prior to World War I will appreciate the economic importance to the country of the region bordering on the Black Sea and known as the Dobrudja. They will also appreciate the economic importance of the entire Danubian Basin, especially that part of it which is located within the Kingdom. Depriving the latter of control over these regions was designed to deal a most severe blow to the economic structure of the country. The only measures which would compare with these provisions of the Treaty of Bucharest in so far as Germany is concerned would be for the United Nations to regulate and control Germany's access to the sea through the administration by representatives of the United Nations of Germany's principal ports on the Baltic west of the mouth of the Oder and on the North Sea.

2. Although the Treaty of Bucharest provided for the sanction by Rumania of the removal of the entire gold stock of the National Bank to Germany immediately following the occupation of the country by the armies of the Kaiser, no similar measure is suggested in regard to Germany at the end of the present conflict.

3. During the occupation of Rumania by the German armies, enormous quantities of Rumanian money were printed and used as payment for practically all of Rumania's agricultural and mineral production. Even though these banknotes had no backing whatsoever, Rumanians were compelled to accept them as real money. The Treaty of Bucharest provides for the redemption at full face value of these banknotes estimated at substantially more than 2,000,000,000 lei, equivalent to somewhat less than $400,000,000. The proposed treaty for Germany contains a similar provision, and there can possibly be no objection to it.

4. Since it is generally agreed that most, if not all, German firms operating in foreign lands have been specifically charged by their government with carrying on German propaganda detrimental to the countries in which they were domiciled, the suggestion to liquidate all German firms abroad and in liberated countries should contribute greatly towards the future peace of the world. To be sure, the acquisition of such firms by United Nations interests might prove very difficult, but arrangements could be made for the orderly sale at public auction.

5. The suggestion that Germany cede all territory east of the Oder, the Ruhr region, the Saar Basin, the Rhineland and Upper Silesia is virtually identical with the provision in the Bucharest Treaty for the cession of Rumanian districts containing petroleum and other mineral deposits. It is taken for granted that Upper Silesia will become a part of the new Poland. With respect to the other districts, arrangements might be made for their administration by a joint Commission composed of representatives of United Nations.

6. Since Germany did not hesitate to request that Rumania furnish Germany with all the labor necessary to exploit and develop the country's resources for a period of 90 years, it would not seem unreasonable to request Germany to supply labor which may be needed to reconstruct and rehabilitate what the German armies have destroyed during the war.

9. In order to arrive at a figure representing indemnity which Germany should pay to the United Nations, account has been taken of various economic indices, including, *inter alia*, volume of trade (both exports and imports), governmental receipts, population and national wealth. It is interesting that the above figure of $31¼ billion is almost identical with the indemnity fixed after the first World War by the Reparations Commission.

10. Taking into account the size of Germany from the point of view of population, the suggestion that Germany be requested to maintain indefinitely 60 United Nations divisions to enforce the provisions of the treaty is a measure similar to the one contained in the Treaty of Bucharest calling upon Rumania to maintain six German divisions. Rumania's population at the time, placed at 7,000,000, compares with Germany's population today of about 70,000,000.

Germany, or those within or outside the Reich, who may incline to pity or sympathize with her, cannot possibly object if the United Nations were to do unto Germany what Germany has seen fit to do unto them. As a matter of fact, the proposed terms are less harsh than those contained in the Treaty of Bucharest.

B. F. Goodrich Bonds Offered Publicly

An underwriting group managed by Goldman, Sachs & Co. and Dillon, Read & Co. on May 1 offered $35,000,000 of B. F. Goodrich Co. 2¾% first mortgage bonds, due in 1965, at 100½% and accrued interest.

The company will use the net proceeds from the sale of these bonds for the redemption of $21,049,000 of first mortgage 4¼s and of $4,700,000 of first mortgage 3s, both due in 1956. The balance of the proceeds will be added to general funds, to be used largely to finance future plant expansion and changes and future plant acquisitions not yet determined, with any remainder being added to working capital.

Provision has been made for a sinking fund, commencing on Nov. 1, 1948, calculated to retire about two-thirds of the issue before maturity. Annual sinking fund retirements will amount to $1,375,000 of the bonds, with the sinking fund redemption price beginning at 101%. The bonds are redeemable other than through the sinking fund at 103% before May 1, 1946, with successive reductions thereafter.

Upon completion of this financing, the outstanding capitalization of the company will consist of the new bonds, 412,031 shares of $5 preferred stock and 1,303,255 shares of no-par common stock.

Foreign Trade Financing Problems

(Continued from first page)

The problem is, how will the foreign countries, willing to buy in the United States, provide the dollars to pay for their purchases? There are some people who say we should not worry about that, the necessary dollars are already available in the form of dollar balances and large gold holdings, just waiting to be spent for purchases in this country.

Foreign Gold and Dollar Balances

It is generally estimated that the total of gold holdings outside the United States and dollar balances increased from 14 billion at the end of 1941 to about 22 billion at the end of 1944.

Here the question arises how far the foreign countries are willing to use these gold and dollar balances to pay for their imports from this country?

A considerable part of these resources will surely be held—and rightly so—as reserves for national currencies. It is to be expected, that most countries will try to preserve them to avoid the depreciation of their national currencies for lack of reserves. Moreover, the gold and dollar balances are highly centralized in the hands of the governments which are likely to follow the policy of protecting their reserves from being drained by capital flight or to be squandered for the importation of quasi-luxury goods like automobiles, radios, refrigerators and other durable consumer goods. This will be done either by exchange control or trade control through an import license system or, most probably, by a combination of both. We could observe such tendency some time ago when somewhat larger quantities of goods became available for export. The immediate reaction of certain South American governments was to tighten the control of imports and Peru established exchange control to prevent the importation of luxury goods.

In the first liberated country—France—we see the centralization of foreign trade in the hands of the Government and the tendency to keep well in hand the control over the spending of exchange reserves. If another proof were needed it could be found in the recently concluded lend-lease agreement between France and the United States which shows that France, although holding about two billion worth of gold and dollar reserves, preferred to pay for long-life capital goods with 20% down payment and the balance in equal annual installments over a period of 30 years. It is likely that in the first reconstruction period after the war France's example will be followed by other liberated countries with important gold and exchange reserves as the Netherlands, Belgium, Czecho-Slovakia, Norway, Denmark.

Besides, even the large dollar balances accumulated during the war as a result of large export surpluses, are not avaliable in their entirety for American exports. The dollar, for the time being and probably for some years after the war the only freely convertible currency, constitutes a general reserve to take care of the adverse trade balances of these countries. The Latin American countries as well as the countries of the "Sterling Area" will not be able for a long time to use their enormous pound balances for purchases outside Great Britain and even within Great Britain only on a restricted scale. So they will have to pay for imports, from wherever they may come, out of their convertible dollar balances.

But even should the foreign countries with large gold and dollar balances be willing to use them to pay for their imports from America, how long would they be able to do so? It would be just enough to finance the first rush of the accumulated wartime demand and the rapid shrinkage of the exchange reserves would soon compel the governments to take emergency measures for their preservation.

I am afraid our exporters would be heading for disappointment if they would base our export possibilities on existing foreign-owned exchange reserves.

Can We Supply Dollars for Exports?

Another possibility to finance our exports would be to supply the foreign countries with dollars by buying from them. The general belief seems to be that this would be the right thing to do. The theory is that the United States, in becoming a creditor country, has a kind of moral obligation to a deficitary balance of trade. There is nothing to say against this theory except that it is—at least in my opinion—not a workable one.

The last more or less normal year, 1937, shows the following distribution of our imports, itemized by merchandise and countries representing more than 3% each of our total imports:

Merchandise

	% of Total
Rubber	8.3
Sugar	5.6
Coffee	5
Paper	--
Newsprint	4.1
Raw silk	3.6
Tin	3.1
Woodpulp	--
Chemicals	3.1
Wool	3

Countries

	% of Total
Canada	12.9
British Malaya	7.6
United Kingdom	6.6
Japan	6.6
Cuba	4.8
Argentina	4.5
Philippines	4.1
Brazil	3.9
British Indies	3.4
Netherlands Indies	3.7
China	3
Germany	3

The outstanding fact of this survey is that the most important single items on this list of our imports are raw materials and foodstuffs. Now the question is how far would an increase of our national output and purchasing power create an increased demand for these import products?

There is the most important single product: rubber, representing 8.3% of our total imports. How will this important import item be influenced by the development of our synthetic rubber production? I think it is a rather safe guess that the productive capacity of our synthetic rubber industry is already large enough to satisfy our peace-time demand of rubber. Once the synthetic rubber industry, in which large capital is invested, gets adequate tariff protection—as I have little doubt it will—it may well happen that the largest item of our imports, rubber, will be practically eliminated or at least drastically reduced.

The two next important items are sugar and coffee. Foodstuffs have the particularity that their market is not elastic. The market for industrial products is practically unlimited. Markets for existing products can be enlarged by lowering prices, making the products accessible to a larger mass of people or the demand for new products may be created by publicity, as it was done with automobiles, radios, refrigerators, and others. But in this country the market for coffee and sugar can only extend as the population grows. The purchasing power of this country may rise to unprecedented heights or the price of sugar and coffee may decline to unprecedented lows, without anybody drinking more coffee or increasing the quantity of sugar he is used to for his coffee or tea.

The Tariff Problem

What I am driving at is that in order to increase our imports to an important degree we would have to open the markets of this country to industrial mass products by lowering our tariffs to a level which would permit foreign products to compete successfully with American products.

The United States will, of course, not be the only country eager to increase its exports after the war. Great Britain's post-war program is asking for an increase of her exports to at least 50% over pre-war level. Great Britain has built up a tremendous foreign debt during the war, chiefly in the form of frozen sterling balances. There can be no doubt that these frozen balances cannot be liquidated by gold transfers. The only way for England to liquidate them and to pay for the raw materials needed by her industry is to increase her exports to an extraordinary extent. This can be done only by considerably increasing the productivity of labor and maintaining a relatively low standard of living as compared with that of the United States. In principle the situation will be the same in the other European war countries. Only export will enable them to pay the debt to be contracted in the reconstruction period.

It has been the legitimate pride of the United States that its population lived on the highest standard of the world, and the tendency seems to point toward a further increase of the standard of living after the war. There is nothing to object against this policy except that it will prove difficult to reconcile with a really liberal tariff policy, which is propagandized with equal emphasis. The difference in the standard of living as expressed in the price of labor can, of course, be balanced to a certain extent by a greater productivity of labor. It is sure that the productivity of American labor is at the present time superior to that of any European country. But I do not think this advantage is big enough to make up for the difference in the price of labor; moreover, it is to be expected that the newly-equipped European industries will, after the war, wipe out this advantage to a large extent.

Hence it seems clear that the idea of increasing American imports sufficiently to supply foreign countries with the dollars needed to pay for American exports in the amount of $10,000,000,000 plus amortization and interest of their debts to this country can only be carried out at the price of detriment to our own industry.

Financing Our Exports

Another possibility would be our financing our exports ourselves.

We must distinguish between loans to finance the current trade and long term foreign investments to finance the final balance of payment. The former are short-term loans from the exporter to the importer through banks (in their most usual form acceptance credits); the latter are long-term foreign investments creating the potential source from which flows the exchange to reimburse short-term credits; or, in other words, the adverse balance of payment is offset by foreign investments instead of gold. The interrelation between these two credit categories is clear. The exporter grants credit to his customer at his own risk. It is up to him to consider and to judge the credit capacity of his customers. But the involved exchange risk depends on the functioning of the long-term credit source, which is the basis of exchange stability. The exporter judges the credit capacity of his customer on the basis of the exchange rates prevailing at the time the business transaction takes place and his judgment may have been sound at that particular time. But a considerable change in the relation of the exchange rates between the seller's and the buyer's country may transform a debtor, solvent in the terms of his national currency, into an insolvent debtor in the terms of the currency in which payment must be made. Or it may be impossible for him to procure the required exchange at all, at whatever price.

Theoretically it seems very easy to finance the international trade balance. The world trade in 1938 shows a total of world exports of 22.7 billion against world imports of 24.4 billion, which left a balance of only 1.7 billion. But these figures do not show the difficulties involved. The major problem results from the distribution of the trade balances between the individual countries. Before World War I, and in a somewhat lesser degree before World War II, the financing of the current world trade was in the hands of the banks of Great Britain. The exporter who shipped merchandise from, let us say, Argentina to Spain, usually made his invoice payable by draft on London. At the base of this situation was the stability of the pound and the willingness of Great Britain to make long-term investments all over the world. The most important reason for Great Britain's decision after World War I to revalorize the pound, at the price of very hard sacrifices, was to reestablish London as the financial center of the world.

After the wholesale liquidation of her foreign investments and the accumulation of an enormous foreign debt which changed Great Britain's position from a creditor to a debtor nation, Great Britain will not be able after this war to be again the banker of the world.

Is the United States willing to accept Britain's legacy? Those who say that having become a creditor nation, America must behave accordingly, seem to believe the answer is — yes.

There is not much to say about financing current international trade transactions in the form of self-liquidating acceptance credits. Such transactions are within the framework of current banking business. Foreign correspondent banks with working balances in this country will find no difficulties to get the short term credits enabling them to finance the imports of their customers from this

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DEMPSEY & COMPANY
JULIEN COLLINS & COMPANY
MULLANEY, ROSS & COMPANY

April 26, 1945.

country or even from other countries.

Dangers of "Standstill Agreements"

But if we are to avoid that these short-term credits turn eventually into standstill agreements, two requirements must be met. One is that we must enable the foreign debtor nations to settle their adverse trade balances, by supplying them with the necessary exchange by means of long-term investments; the other is that we must acquire a creditor's psychology. No continuously normal international financial relations are possible if the largest creditor tries to cancel his foreign short-term credits as soon as his own national money market tightens. The rush on the national money market of a particular country by its short-term foreign creditors has the same effect as a rush on the national banking system by its depositors. No bank, however sound, could stand such drain for a long time. This happened in Germany in 1931. At the beginning of 1931, short-term investments in Germany were estimated at ten billion marks. The rush started in the early spring of 1931. During the first seven months three billion were withdrawn. However, the figures for the end of July, 1931, the peak of the crisis, published by the "Bankers' Committee on the Credit Situation in Germany," which met in Basle in July, 1931, show foreign short-term investments in Germany of 8 billion and short-term investments of Germany abroad of 3½ billion. (They were probably considerably higher, because, as a consequence of the withdrawals of foreign capital in the first months of 1931, capital flight started on a considerable scale also from inside Germany.) In normal times this relation between short-term foreign debts and short-term foreign investments would not have been particularly dangerous. But in this particular month of July, 1931, not a single dollar would have remained in Germany of its own volition. Under these circumstances the standstill agreement was the only way out of a hopeless situation.

Permanent Foreign Investments Required

What I mean is, that foreign investments, short or long-term, should not be considered as a temporary outlet for a temporary surplus of capital, but as a **permanent** investment abroad. I mean, for instance, that a first class borrower should be reasonably sure to find no difficulties in extending or replacing his short-term liabilities.

Of course, credit investments in a particular country do not mean that they must absolutely be used for direct purchases in the lending country. For instance, a country which happens not to need American products may buy in England, thereby enabling England to use the dollars so acquired for purchases in the United States.

The plan of the International Bank agreed upon in Bretton Woods proposes to take care to a certain extent of long-term credits by granting them directly or guaranteeing them. I suppose that the International Bank will prefer to guarantee loans rather than to lend directly. The creation of the bank would no doubt facilitate foreign investments and would first of all lower their interest rates.

A policy of large foreign investments would have to overcome some psychological and technical difficulties.

There is in this country, whether it is justified or not, a certain mistrust against foreign investments. The country's experience in this domain is relatively recent. During the time of the tremendous industrial development of America there was no capital available for investments abroad. On the contrary, foreign capital assumed a large proportion in the financing of the country's industrialization. It was only after the first World War that American capital ventured on a large scale into foreign investments. Some of these loans are in default. But it is interesting to note that from the total amount of $15,500,000,000 in default (of which $13,000,000,000 are inter-allied war debts) $14,500,000,000 are Government debts and only about $1,000,000,000 private loans. And we should also remember that this happened in the worst economic depression the world ever suffered. I am not so sure if the creditors of foreign loans have suffered more than the domestic investors.

Difficulty of Our Decentralized Banking

A technical difficulty arises from the banking structure of this country. The outstanding feature of the American banking system is its decentralization. This fact is, of course, an intentional consequence of the legal provision that prohibits country-wide branch banking. This means decentralization of the financial forces of the country. Although the big banks of the United States are the largest in the world, they control only a small percentage of the country's capital reserves, compared with the percentage controlled by the large foreign banks with branches all over their countries.

Moreover, the American banks are relative newcomers in the foreign banking business. Although their importance in the international business has grown enormously between the two world wars, there are not more than perhaps a dozen banks in this country which do international business on a large scale beyond the current foreign banking business. This kind of business requires large experience and intimate knowledge of the foreign countries, their policies, their economies and their people, as well as large capital resources. The immense majority of the 15,000 American banks have neither the financial nor the personal resources required for this business. Hence, a great part of the financial power of the country is lost to it.

There are possibilities to overcome these difficulties. I could imagine, for instance, the creation of an American Foreign Bank with the participation of a great part of American banks. This bank would be able to draw upon the totality of the country's capital resources and would in the same time open a new source of profit to the participating banks while diminishing their individual risks.

The idea of those who favor large long-term foreign investments is that this country, by using its financial power in the service of the development of the wealth-creating forces of the whole world, would not only largely contribute to the reorganization of the world and to the maintenance of a lasting peace, but would also create the potential dollar purchasing power to pay for large exports from this country. This may be true. But the believers in this idea make a mistake to assume that we could accept sooner or later the repayment of these foreign investments in the form of American imports.

My conclusion is this: Large exports from this country are possible only if we are willing to make previously large long-term investments abroad, which will have to be considered as **permanent**. Such a credit policy is, of course, not without serious risks. But, whether we like it or not, if we want large exports, this is the price to pay.

"Futuristic Monetary Degeneracy" In Washington

(Continued from page 1940)

Banker Discloses Treasury Propaganda

At the BW hearings last Friday an interesting revelation by the spokesman of the Independent Bankers Association, under questioning, was the fact that the Treasury Department had drafted the pro-Bretton Woods report of that association. That report was made public after the anti-BW report of the American Bankers Association, it now is apparent, as a Treasury effort to show that bankers are not all against the BW Fund. This disclosure is one more piece of evidence that the Treasury has played an active role in arranging the "spontaneous" support of the BW plan by numerous private organizations possessing publicity machinery.

The BW hearings have made it clear by now that the BW program is widely supported on the grounds of "international cooperation," quite regardless of its economic pros and cons, or whether we shall lose any or all of the money we put into the Fund and Bank. If there were no BW plan, any other plan so presented would today receive the majority support of the public, to judge by the hearings.

Reserve Ratio Has Hearings

The Senate hearings of February and March on the reserve ratio bill S. 510, now printed by the Banking and Currency Committee, record some interesting statements concerning the U. S. dollar and our monetary and banking system. Mr. Marriner S. Eccles, Chairman of the Federal Reserve Board, expressed some views which did not go over well with some of his fellow Westerners like Senator Abe Murdock, of Utah. The hearings were cited last week on the floor of the Senate.

During his testimony in support of a lower reserve ratio, Mr. Eccles, said:

> We are the only country left that still has the archaic idea of maintaining a gold reserve back of the currency. [Other countries accumulate gold] because they know we have to buy it. . . . They have more need for the dollars the gold will buy and for the goods that the dollars will buy than for the gold itself. It is the goods they want, in the end.
>
> If we increased the price of gold [it would be] a pretty expensive subsidy for unemployment. . . . I cannot imagine a more useless way of giving or stimulating employment. . . . It was determined that one of the most useless activities was gold production, that gold absolutely served no useful purpose in connection with . . . money and credit to finance the war throughout the world. . . .
>
> The British and Canadians . . . have maintained no gold standard for some time, and they have . . . had . . . in all probability less inflation than we have. . . . Paying dollars for a product we do not need [gold] . . . is merely a subsidy to foreigners.

Mr. Eccles stated he would like to see the reserve ratio not only lowered, but done away with entirely, although, since we have so much gold, he is willing to have it used as reserve against Federal Reserve Bank liabilities. This, however, he does merely out of "respect to orthodoxy." The reserve, he testified, "is acceptable generally to bankers and people who have an idea that there is some mystical form of security in gold."

A gold backing to the dollar does not affect the dollar's buying power, according to Mr. Eccles. The way to prevent inflation is to increase the supply of goods, he says. The gold reserve behind the dollar "in no way aids this country."

Private Banking System Essential to Private Capitalism

The present level of currency and deposits in the United States Mr. Eccles regards as permanent, and he sees a probability of a marked future growth in bank deposits.

Chairman Eccles takes issue with Congressman Patman's idea that the commercial banks should not be entitled to buy interest-bearing Government bonds. He reports that Patman has receded from his original idea that the Government should finance itself entirely with greenbacks. But even the now-modified Patman plan, says Mr. Eccles, would destroy the private banking system by turning its profits into losses, "and as Mr. Lenin, the founder of the communistic system, wisely said, the first move toward communism is for the government to take over completely the credit system. . . . You must have a private banking system . . . if you are to have a democracy." Thus, if Mr. Eccles is no hard money man, neither is he a real soft money man. He believes in a controlled currency with privately-owned banking.

Gold Worth $5 An Ounce

Senator Murdock, while demanding a higher price for gold as an alternative to reducing the reserve ratio, observed that if we let gold "revert to its intrinsic value, it might not be worth more than $5 an ounce." Mr. Murdock quite frankly views the present price of gold as artificial. In other words, like the Treasury's price of silver, it is a subsidy to the producers.

Senator Murdock's sincerity in estimating the "intrinsic value" of gold at $5 an ounce must be applauded; yet it is hardly a convincing argument for still further raising the statutory price and thereby debasing the dollar. Fortunately for the advocates of Bretton Woods, the Westerners' effort to increase the price of gold was turned down in the Senate.

During the Senate debate, Mr. Johnson of Colorado summed up Mr. Eccles' testimony as "futuristic monetary degeneracy." He added:

> Unless the Congress places some restraint on the Federal Reserve Board Chairman in his effort to dethrone gold from its traditional pinnacle of confidence and usefulness, I very much fear that its failure to do so will be construed as a capitulation and an indication of their willingness to experiment in managed currency, which is, in my opinion, foredoomed to failure.

Thus the dollar enters its 13th year of Congressional legislative treatment. Congress may exercise its power to coin our money, but greater forces, it seems, determine the value thereof.

This announcement is neither an offer to sell nor a solicitation of an offer to buy securities. The offering is made only by the Prospectus.

NEW ISSUE

$35,000,000

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Goldman, Sachs & Co.

May 1, 1945.

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Business Man's Bookshelf

Effect of Molecular Structure of Fuels on the Power and Efficiency of Internal Combustion Engines—Charles F. Kettering, General Motors Corporation, Detroit, Mich. —paper.

Exchange Stabilization — J. B. Condliffe — Committee on International Economic Policy, 405 West 117th Street, New York 17, N. Y.—paper—10¢.

International Conciliation — For April, 1945, in two sections—Reports on The Crimea Conference; The Act of Chapultepec; and Universities Committee on Post-War International Problems — paper —5¢.

International Monetary Reconstructions — The Bretton Woods Agreements — Michael A. Heilperin—American Enterprise Association, Inc., 4 East 41st Street, New York 17, N. Y.—paper—50¢.

Our Debts—A Study of Federal, State and Municipal Debts As They Affect Citizens of New York State — Citizens Public Expenditure Survey of New York State, 100 State Street, Albany, N. Y.—paper.

Planning for the Future—Current Economic Problems, Finance and the Stock Exchange—Ludwig Bendix (partner in Bendix, Luitweiler & Co., New York Stock Exchange members)—The International Press, 121 Varick Street, New York City—paper.

Prefabricated Structures 1940-1944—A list of references—Edw. S. Evans Transportation Research, 435 Woodward Building, Washington 5, D. C.—paper.

Rockefeller Foundation, The—A Review for 1944—Raymond B. Fosdick—The Rockefeller Foundation, 49 West 49th Street, New York City—paper.

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Canadian Securities

By BRUCE WILLIAMS

Patient confidence in a favorable outcome of the Alberta debt refunding situation seems on the point of receiving just reward. Premier Manning has announced the convocation of a caucus of Social Credit party members for the primary purpose of reconsidering the previous Alberta Government proposal in light of the strong recommendation of the Federal Department of Finance, accompanied a generous offer of assistance, that the province take measures fully to rehabilitate the credit of Alberta. Consequently as previously indicated, a proposal to the bondholders along the lines of the Montreal plan might very well now be forthcoming.

Premier Manning, as many sound advisers have already emphasized, can now put the issues quarely to those of his party who still cling blindly to the specious concepts of the Social Credit doctrines which were evolved in the desperate atmosphere of depression, but with return of prosperity and the assurance of the generous cooperation of the central government, they can be replaced by policies based on financial and economic orthodoxy.

It is now apparent that the Social Credit party is at the crossroads, and a grave responsibility rests upon its members to choose its future direction. Alberta is clearly on the threshold of a great era of economic development which can be fully realized only with full restoration of the provincial credit. Never has there been a more propitious opportunity to undo the mistakes of the past and permit Alberta to take its rightful position in the ranks of the leading Canadian provinces.

The intervention of Finance Minister Ilsley in the Alberta situation has further implications. It clearly demonstrated that the Federal Government is very much concerned not only with regard to the high credit standing of its own obligations, but also that everything in its power should be done to preserve the utmost trust in the good faith of all Canadian governments. It has already been intimated in the comparable case of the Province of Saskatchewan, that the new C.C.F. government, in spite of whatever airy financial notions might be held by some party followers, realizes nevertheless the paramount importance of sound credit.

Now it should be evident that any steps taken by the Saskatchewan Government to place its credit on a sounder footing will have not only the blessing but the support of the authorities in Ottawa.

Political obstacles and the self-interest of certain of the leading Canadian provinces have prevented a more definite bolstering of the financial structure of the weaker provinces by the implementation of certain recommendations of the Sirois Report. But it is encouraging to investors to know that the purpose still remains to prevent, by whatever direct or indirect means available, the recurrence of any setback to Canadian credit standing.

With regard to the market for the past week, the tone continued strong, but in the case of the high grades, the lack of supply still restricted the turnover. Longer term provincials, especially Manitobas, were in keen demand at new high levels. Following anticipation of a better offer to the bondholders, Albertas were a center of countrywide interest and active trading carried the price of the longer term issues well through par. Saskatchewans also attracted attention following the report that the July 2 maturity will be met in cash, and the longer term issues were established about 10 points above their recent low mark.

Internals were quite active. There was a steady demand for the new Victory Loan bonds, and with interest continuing in gold shares, free funds were bid at the official selling rate.

Turning to future prospects, while investment markets generally continue to discount a lower trend in interest rates, the demand for Canadian securities will persist accordingly, and as we approach the period of the Federal elections there is increasing confidence that the results will have no adverse market effect.

Robert Loder to Open in East Orange, N. J.

EAST ORANGE, N. J.—Robert Loder will open offices shortly at 60 North Walnut Street to deal in investment securities. Mr. Loder was formerly a partner in Clark & Loder in New York City for many years.

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Canadian Review

April 1945 Edition
Volume IX, No. 2

This Edition includes a Review of current Canadian conditions, and brief analyses of six Canadian Provinces

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OUR REPORTER'S REPORT

There was no let up in the rush on the part of corporate issuers and investment underwriters this week in seeking to clean the slate of potential, new financing in advance of the Treasury's impending War Loan Drive.

And although the market may be suffering from a slight case of indigestion here and there, not surprising in view of the tremendous total of new financing which is going through currently, bankers and dealers alike feel that the market is still far from anything approaching a saturation point.

The saving feature of the current rush of new issues is the fact that virtually in its entirety this business represents the replacement of outstanding issues rather than emission of actual new financing. Accordingly holders of bonds which are being refunded by lower-cost loans find themselves in the position of having to shop around and replace their lost investments.

Since the bulk of the bonds being taken up, by reason of the opportunity afforded by the money market for their replacement, are held by large institutional investors the job of floating the new issues simplifies itself considerably.

Such investors have been a bit resistant to the curent 2¾% coupon prevailing for a number of the current flotations, but with the money market picture what it is, they have little choice but to absorb them.

A Really Fast One

One of the fastest big deals in recent weeks was the marketing of $35,000,000 of new 2¾% first mortgage bonds of B. F. Goodrich Co., maturing in 20 years.

With the maturity a real consideration in view of the fact that most recent issues have been for a minimum of 30 years, and the fact that it was one of the few current industrials, this offering went "out the window" and ruled at a premium after the closing of the books.

Priced at 100½ the bonds were reported as oversubscribed and the books closed within less than an hour of the opening.

Bids Close for Large Issue

Indication that underwriting groups may be getting a bit more conservative in their bidding for new issues was seen in the outcome of Monday's offering of $59,000,000 first and refunding mortgage bonds of Virginia Electric and Power Co.

Two groups sought this issue with the winning syndicate paying the company 100.8229 for the bonds with a 2¾% coupon. The second group's bid was close, 100.3913 or only about 43 cents on a $1,000 piece away from the winner.

The bonds, offered to the public yesterday at a price of 101½ and last report had the issue moving out well.

Tennessee Gas & Transmission

Bankers sponsoring the $35,000,000 first mortgage 3s of the Tennessee Gas and Transmission Corp., were hoping to be able to bring that issue to market today together with $75,000 shares of 5% cumulative preferred stock.

Partially for new money purposes, the proceeds of the sale of the foregoing securities together with a bank loan of $15,000,000 will be used by the company to pay off certain of its debts and to finance construction of new facilities.

Meantime the Panhandle Eastern Pipe Line Co., announced that it had sold, through bankers, to a group of five insurance companies an issue of $10,000,000 of 20-year first mortgage and first lien 2¾% bonds series D.

Two Large Issues Head

Two large offerings, one common stock of the New York Power & Light Corp. and the other 20-year debentures of Joseph E. Seagrams & Sons on schedule for next week should just about round out the corporate financing in sight in advance of the Treasury Drive.

New York Power & Light's offering involves 240,000 shares of common stock which is slated to be sold in competitive bidding on Tuesday.

The Seagrams financing involves $50,000,000 of 20-year debentures guaranteed unconditionally by Distillers Corp.-Seagrams and would provide funds to retire bank loans and increase working capital.

Halsey, Stuart Sells Chicago & East. Ill. Bds.

Halsey, Stuart & Co., Inc., representing 21 investment dealers, on April 25 received the award of $9,400,000 first mortgage 3¾% bonds, Series B, due May 1, 1985, on a bid of 98.25%. Reoffering of the bonds was made April 26 subject to Interstate Commerce Commission approval at 100% and accrued interest. There was only one bid submitted.

The company proposes to apply the proceeds received from the sale of the bonds, together with additional funds from its treasury, to the extent required to the retirement of all of its outstanding first mortgage 4% bonds, Series A.

Company operates approximately 912 miles of railroad, of which 794 miles are owned. Its principal lines extend from Chicago to Terre Haute and Evansville, Ind., and to St. Louis and Chaffee, Mo.

Moore & Schley Admit

Frederick J. Hart became a partner in Moore & Schley, 100 Broadway, New York City, members of the New York Stock Exchange, on May 1.

Are Stock Prices Inflated?

(Continued from page 1939)

the idea in Washington and elsewhere, with mention of the alternative of lengthening to a year or 18 months or longer the present 6 months holding period after which a 25% maximum tax is effective on capital gains.

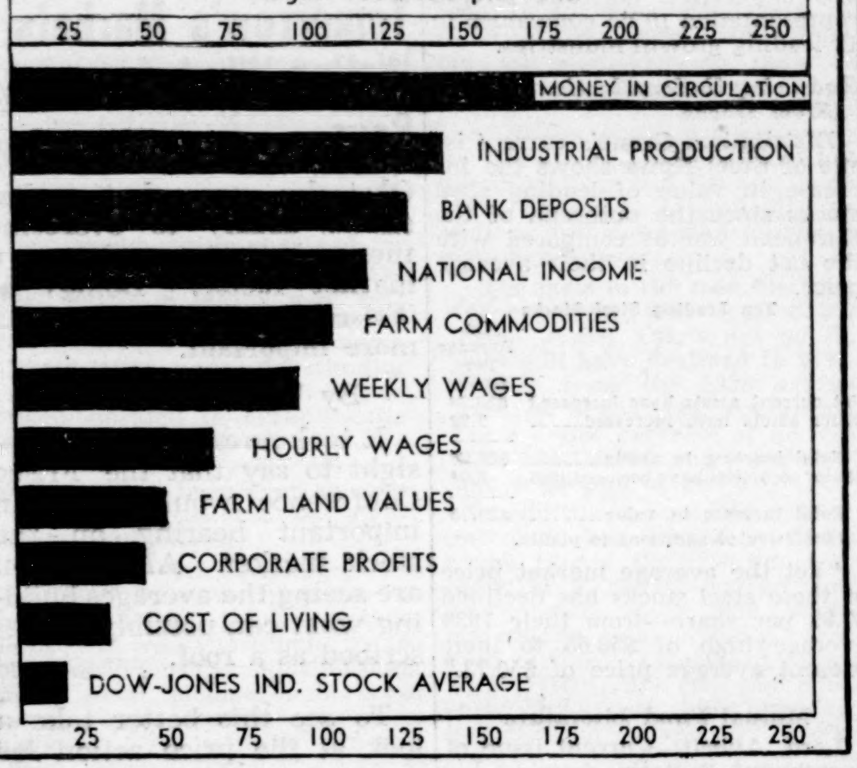
The Basis for Comparison

Mr. Eccles based his proposal on the theory of "preventing inflation," apparently in the belief that a rise in stock prices is a cause of inflation, instead of being a result as it is in actuality. His use of pre-war levels as a base for other items but not for stock prices (for which he singled out the low point of April, 1942, nearly three years later, to obtain the 80% advance) is not sound.

If September, 1939, the month of the outbreak of the war, were considered, there had been little real advance in the market to the day of Mr. Eccles's proposal, Feb. 20, the Dow-Jones Industrial Stock Average on that date having been 159.57, only 2.3% higher than its Sept. 12, 1939 figure of 155.92.

PERCENTAGE INCREASE IN VARIOUS INDICES COMPARED WITH STOCK PRICES

August 1939 to April 1945



The above chart shows a comparison of stock prices with a number of well-known economic indices, giving the respective advances in percentages between August, 1939, and the latest available figures prior to April 1, 1945. Advances in the economic factors shown ordinarily contribute to a profitable economy. While some indices may only indirectly be important, when they rise compositely conditions usually are such as to create bull markets in stocks, and it appears that, in comparison with all the advances shown, stock prices in reality now seem low.

Farm vs. Stock Prices

While the "inflation" of residential values is due almost entirely to scarcity (a factor that, even though probably present, is minor in stock prices), the "inflation" of farm values has more resemblance to the problem of stock prices. Farms are worth more because they produce more income at the present level of demand and prices. It is quite natural that farm sale prices should rise.

The post-war outlook for corporations, represented by stocks, however, is certainly better than for farms. Although there may be a year or two of relatively good agricultural conditions, such will not be as favorable as during the war, and a poor period for American agriculture after a year or two can be easily visualized. But many, if not most, companies will be able to show earnings equal to or better than wartime if taxes are to be in any way reasonable, and, since stock prices typically are higher in relation to earnings in peacetime than in wartime, the post-war outlook for stock prices is distinctly superior.

Limiting Price Rises

The idea has been advanced that the prices of farms and small businesses should be kept low so that they would offer profitable opportunities to returning war veterans. The only realistic way for such prices in general to be kept down, however, would be for conditions (i.e., depression or poor business) to cause prices to be low. Under such circumstances, wise veterans would not desire to buy them or to set them up in any event.

With farms and small businesses, only the individuals selling them to veterans at under market prices would suffer. But how could price limitation be applied to stocks—where each share is exactly similar to others in the hands of up to hundreds of thousands of other holders, and where each sale sets the current value for all of each issue—without breaking down the entire market system? Here, also, the only natural way to have prices low would be to have depression or near depression conditions.

As the past experience of Germany and France shows, it is easily possible to kill off trading in stocks and to destroy their market liquidity. The initial impetus usually came from the desire to prevent prices rising or even fluctuating, but, in the final analysis, the result on prices was merely to drive their realization on any large scale into black markets.

Prices Determined by Values

The intrinsic values behind stock prices may be obscured even for considerable periods by psychological factors or mistaken forecasts of the future, but in the end, although not necessarily within rigid limits, values do determine prices. Among the more important of these instrinsic factors are earnings, dividends and financial standing.

As compared with the outbreak of the war in Europe, corporate earnings have risen greatly, dividends have increased, and financial standing has improved perhaps most of all. The post-war period is forecast as highly favorable. In comparison with intrinsic values, then, stock prices since the outbreak of the war have not been "inflated," but if anything have lagged behind.

The Factor of Yields

Another factor is that of interest rates. When these are held low, bond yields are low and the better return from stocks is more attractive. Stock yields are, absolutely, not at extremely low levels now. On the other hand, stock yields in comparison with bond yields are unusually high rather than representing "inflated" prices.

The Fallacy of Restrictions

With the present plethora of investable funds, even to ban all brokerage margin accounts might cause only temporary weakness and reduction in the volume of trading and hence market liquidity. The bulk buying for cash would still be the main price influence as long as underlying factors favored buying. Besides, there would be the question of bank borrowing against security collateral. To drive the margin accounts into the banks would be essentially meaningless; to ban borrowing at banks on security collateral would interfere with many legitimate credit functions apart from security trading.

On the other hand, to lengthen the holding period required for long-terms profits or losses, or even to increase moderately the capital gains tax, especially while income taxes remain so high, would scarcely have a permanently depressing effect on stock prices. As long as stocks were considered under-valued or the future prospects were for higher stock prices, there would still be demand, and the investing public would not be especially fearful of holding for a considerable period to gain for advantage of the lower longer-term tax. Moreover, current holders would be reluctant to sell for any temporary reasons because they would lose the tax advantage. Thus demand, under these circumstances, would continue while supply would be more restricted, and the net effect on prices would more likely be upward than downward.

Only some extremely severe measures would be likely really to affect prices adversely for any prolonged period. But this would risk a collapse affecting the whole economic structure, wrecking reconversion and preventing the realization of post-war prosperity—the very opposite of encouraging free enterprise and venture capital.

Conclusion

A dispassionate examination of economic factors indicates that stock prices, instead of being "inflated" or causing inflation, have so far failed to reflect fully underlying improvement and increased value, and are low in comparison with advances in many economic factors. Consequently there is no justification for the employment of arbitrary and artificial restrictions on stock transactions, which would probably not only fail to accomplish their proclaimed purpose but could produce effects likely to handicap and even harm the free enterprise system and the economic transition from war to peace.—Reprinted from the April 26 issue of "Investment Timing" published by the Economics & Investment Department of the National Securities & Research Corporation, New York City.

Newport News Shipbuilding and Dry Dock Company

Statement of Recorded Cost of Work Performed During the Thirteen Weeks Ended March 26, 1945 and March 27, 1944

(Subject to year-end audit, charges and adjustments)

	Thirteen Weeks Ended March 26, 1945	Thirteen Weeks Ended March 27, 1944
New Ship Construction	$24,790,000	$30,001,000
Ship Repairs and Conversions	702,000	1,151,000
Hydraulic Turbines and Accessories and Other Work	711,000	581,000
Totals	$26,203,000	$31,733,000

By Order of the Board of Directors
R. I. FLETCHER
Comptroller

April 23, 1945

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

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Price 101½%

Plus accrued interest from March 1, 1945, to date of delivery

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Mutual Funds

A Long Period of Prosperity

William A. Parker, President, in his current quarterly report on **Incorporated Investors,** foresees "a long period of prosperity in the post-war years."

The total net assets of Incorporated Investors increased from $57,235,622 at the beginning of the quarter to $62,305,804 at the end of the quarter. Changes in the portfolio during this period consisted for the most part of reductions in holdings of bank stocks and increases in railroad, building and public utility stocks.

Mr. Parker states that: "As of the end of the quarter the fund was practically fully invested because of the conviction that relative to post-war values current prices of carefully selected securities do not pear high....

"With the business and financial forces operating to produce a long period of prosperity in the post-war years, it appears to be sound policy where investment is concerned to disregard possible intermediate movements in stock prices. The huge backlog of purchasing power and the tremendous deficit of civilian goods, due not only to curtailed production during the war but also to the underbuying during the greater part of the decade preceding the war, give grounds for confidence in the years ahead."

Are Stock Prices Inflated?

Keystone Corp. presents a chart in the current issue of **Keynotes** which effectively disproves any suggestion that stock prices have become inflated during the war. The chart shows the course of the Dow-Jones Industrial Average as compared with National Income from 1934 to date.

Since 1939 National Income has risen from $71.5 billion to $160.7, an increase of 124.7%. The value of farm real estate, wholesale commodity prices and currency in circulation have also risen sharply. And yet the Dow-Jones Industrial Average is still within a few points of its January, 1939, level.

"The price of almost everything that a dollar will buy has risen substantially in the past six years. Common stocks, representing ownership of America's leading businesses, are still available at pre-war prices."

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Investment Company First Quarter Sales

Distributors Group, in a recent letter to dealers, compares the first quarter sales of **Group Securities** with total sales for all 68 open-end member funds. The 50 general portfolio funds had gross sales of $29,802,000 and the 18 bond and specialty funds had sales totalling $39,825,000, for a grand total of $69,627,000.

Sales of Group Securities during the quarter on a comparable basis were $11,510,000, or 28.9% of the 18 bond and specialty fund sales and 16.5% of total sales for the entire industry.

Fundamental Investors, Inc.

Philip W. K. Sweet, President of **Fundamental Investors, Inc.,** reports net assets of the fund at $13,426,332 on March 31, 1945, compared with $12,420,423 at the beginning of the quarter. The per share net asset value of the fund increased 4.2% during the quarter and 20.0% for the 12-month period, as compared with advances of 2.7% and 13.4% by the Standard & Poor's Common Stock Index.

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Prospectus may be obtained
from your local investment dealer or

The Keystone Corporation
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50 Congress Street, Boston 9, Mass.

Dollar Averaging With Affiliated Fund

Lord, Abbett accompanied the current mailing of **Abstracts** with a tabulation showing the results of five years of dollar averaging with Affiliated Fund. Commencing on April 1, 1940, with a regular investment of $100 per month and with dividends reinvested, by March 1, 1945, the total value of the shares acquired amounted to $13,060.98, as compared with a total investment of only $6,000.

Thus, an investor following this plan would have shares valued at more than 100% above their original cost today in spite of the fact that the stock market as a whole ended this period only 10% higher than when it began.

Wellington Fund, Inc.

Walter L. Morgan, President, reports that total resources of **Wellington Fund** at March 31, 1945, amounted to $18,178,000—an increase of over $2 million for the past three months. Asset value per share increased to $17.94 at March 31—an increase of 3.07% after allowance for 20¢ per share dividend paid March 31. This compares with a similar increase of a little over 2% in the Dow-Jones Composite Stock Average.

The largest common stock holdings were in the following groups: railroads, 6.25%; banks and insurance, 5.79%; utilities, 5.40%; metals and mining, 4.85%; foods and beverages, 3.64%.

New York Letter

Hugh W. Long & Co., in the current issue of the **New York Letter,** asks: "Where will the money go?" A chart compares the liquid savings of individuals with the value of all stocks listed on the New York Stock Exchange. It shows that at the end of 1939 the total of liquid savings was slightly less than the total value of all listed stocks. After 1939 a gap developed. By the end of 1944 liquid savings were almost twice the value of listed stocks.

"As little as 10% of the liquid savings of individuals is equivalent to more than 20% of the value of all stocks listed on the New York Stock Exchange. If investors decide to put more money to work in stocks, even 10% of their present savings could have a highly important effect upon share values."

Selected American Shares

In its current memorandum concerning investment company shares for trust investment, **Selected Investments Co.** shows the percentage of common stock holdings of four important foundations. The Carnegie Corp. and the Carnegie Institute hold 17.2% and 38.7% of their investment funds in common stocks. The Rockefeller Foundation and Commonwealth Fund both hold over 50% of their investments in common stocks.

This sponsor points out that in trusts where they may be used legally, the trend is gradually turning to common stocks to improve income.

DIVIDEND NOTICE
NEW YORK STOCKS, INC.

The following distributions have been declared on the Special Stock of the Company, payable May 25, 1945 to stockholders of record as of the close of business May 5, 1945.

Agricultural Series	$.10	$.10	$.20
Alcohol & Dist. Series	.07	.00	.07
Automobile Series	.07	.03	.10
Aviation Series	.20	.00	.20
Bank Stock Series	.06	.00	.06
Building Supply Series	.05	.00	.05
Business Equip. Series	.11	.00	.11
Chemical Series	.06	.00	.06
Electrical Equip. Series	.08	.02	.10
Food Series	.08	.00	.08
Government Bonds Series	.00	.00	.00
Insurance Stock Series	.07	.00	.07
Machinery Series	.10	.00	.10
Merchandising Series	.09	.10	.19
Metals Series	.06	.04	.10
Oil Series	.08	.10	.18
Public Utility Series	.05	.10	.15
Railroad Series	.09	.10	.19
Railroad Equip. Series	.07	.00	.07
Steel Series	.05	.05	.10
Tobacco Series	.13	.00	.13
Diversified Investment Fund	.18	.05	.23
*Diversified Speculative Shares	.05	.00	.05

*Initial Dividend.

HUGH W. LONG and COMPANY
Incorporated
National Distributors
48 Wall Street New York 5, N. Y.

Post-War Growth Opportunities

With a striking chart showing business failures after World War I, a current memorandum from **National Securities and Research Corp.** stresses the dangers facing investors who have their money in the wrong industries.

"A practical way in which the investor can protect himself against a similar mortality in his growth investments after World War II is through purchase of **Industrial Stock Series** shares. In this manner he secures an interest in a continuously and professionally supervised portfolio having representation in 62 companies in 12 leading growth industries.

Measuring Undervaluation in Steel Stocks

Distributors Group's current issue of **Steel News** shows the increase in value of leading steel stocks since the outbreak of the European war as compared with the net decline in their average price.

Ten Leading Steel Stocks

	On Average Per Share
Net current assets have increased	$18.38
Other assets have increased	3.28
Total increase in assets	$21.66
Senior securities have been reduced	8.09
Total increase in value	$29.75

(Exclusive of additions to plant).

"Yet the average market price of these steel stocks has declined $7.92 per share—from their 1939 average high of $58.65 to their present average price of $50.73."

Mutual Fund Literature

Lord, Abbett—Current issue of **Investment Bulletin** showing lag in market action of low-priced stocks vs. high-grade stocks since the first of March. . . . **Keystone Corp.**—Primary lists on all **Keystone Funds as of April 1, 1945. . . . Distributors Group**—A reprint of Barron's Investment Company Gauge for the first quarter of 1945; current issue of **Railroad Equipment News** comparing the long-term trend of railway purchases with net railway operating income. . . . **Broad Street Sales Corp.**—Current issue of **Items** showing the National Investors switch record. . . . **Selected Investments Co.** — Current issue of "These Things Seemed Important."

Dividends

New York Stocks, Inc. — The following dividends payable May 25, 1945, to stockholders of record May 5:

Series—	Distributions Per Share Regular	Extra	Total
Agricultural	$.10	$.10	$.20
Alcohol & Dist.	.07	.00	.07
Automobile	.07	.03	.10
Aviation	.20	.00	.20
Bank Stock	.06	.00	.06
Building Supply	.05	.00	.05
Business Equip.	.11	.00	.11
Chemical	.06	.00	.06
Electrical Equip.	.08	.02	.10
Food	.08	.00	.08
Government Bonds	.00	.00	.00
Insurance Stock	.07	.00	.07
Machinery	.10	.00	.10
Merchandising	.09	.10	.19
Metals	.06	.04	.10
Oil	.08	.10	.18
Public Utility	.05	.10	.15
Railroad	.09	.10	.19
Railroad Equip.	.07	.00	.07
Steel	.05	.05	.10
Tobacco	.13	.00	.13
Diversified Investment Fund	.18	.05	.23
*Diversified Speculative Shares	.05	.00	.05

*Initial Dividend.

Lawrence Brinker Co. Chicago Exch. Member

OMAHA, NEB. — Lawrence Brinker & Company, First National Bank Building, have acquired membership on the Chicago Stock Exchange.

Pacific Coast
Securities

Orders Executed on
Pacific Coast Exchanges

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New York Stock Exchange
New York Curb Exchange (Associate)
Chicago Board of Trade

14 Wall Street New York 5, N. Y.
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Monterey — Oakland — Sacramento
Fresno

Tomorrow's Markets Walter Whyte Says——

Obstacles appear but market shows ability to overcome them. V-E Day no longer a market factor. Doings at 'Frisco Conference much more important.

By WALTER WHYTE

It took no remarkable foresight to say that the 'Frisco Conference would have an important bearing on the stock market. Already you are seeing the averages building what can possibly be described as a roof.

* * *

To see this better take a look at the price action for the past two weeks or so. It makes little difference what averages you use. They all act about the same, It's only a question of degree. Two weeks ago these were about five points below the preceding highs. Sentiment was bearish, or at least it wasn't looking for any immediate strength. There were all kinds of reasons circulating to explain this. What these were is not important. You can always find reasons. Out of this hodge-podge of uncertainties the market whipped around and before you could say—whatever one says at such a time—they were up at the old highs and then whizzed through them as if they didn't exist.

* * *

But now this honeymoon looks about over. The public which took stocks at last week's highs is becoming a little restive. The buyers who got stocks at the lows two weeks ago are either passing them out or have withdrawn into their shells and do no more buying.

Result is that stocks are milling around their old highs. Some of them manage to slip up for fractionally new highs. Most of them, however, continue to show a tendency to either stay put, waiting further developments, or, what may well be indicative, back away from their best prices.

(Continued on page 1964)

Interest free from present Federal Income Taxes

NEW YORK CITY

$50,000 — 3s due June 1, 1980

Price 121 to yield about 2.14%

$100,000 — 4¼s due 1976-81

Price to yield 2.30%

Inquiries invited in all New York City issues.

TRIPP & CO. INC.

40 Wall Street, New York Telephone WHitehall 3-6742

Municipal News & Notes

With victory in Europe already an accomplished fact, the question of what the transition period will hold in store for the municipal bond market assumes added urgency. Although little or no consideration appears to have been given the subject, it is quite possible that the complexion of the market will change in some respects in the period marking the changeover to a partial peacetime economy.

One aspect of the situation that would appear destined for review and revision concerns the matter of prices, with particular reference to the so-called second grade municipals. These latter, under the stimulus of an all-out war economy, have spiraled to exceptionally high levels. Actually, the extent of the increase, percentagewise, has been even sharper than that registered by high-grade obligations.

Under the circumstances, it is less than idle to speculate on how the prices of some of these liens will react incident to the return of more normal conditions. That some change will occur would seem beyond question. Certainly, this will be the case when consideration is given to the potential removal, or partial elimination, of some of these wartime causes underlying much of their sharp price appreciation.

It is inevitable, of course, that ultimately there will be increased application of the fundamental yardsticks employed in evaluating credit municipal, corporate or otherwise. This will involve, in the case of municipals, more mature consideration of such factors as past history of the debtor, volume of debt and economic capacity for repayment, trend of assessed valuations, etc.

Actually, it is certain that even greater consideration will be given to such factors than has ever been the case. For it is abundantly clear that under the stress of wartime conditions, the economic stature of a great number of communities has been severely distorted and bears no relationship to their normal peacetime standing. Then, too, it is very likely that some of these communities will be able to retain the economic advantages that accrued to them because of the war, while others may lose some of their pre-war eminence.

The mere recital of the foregoing considerations, to which many others may be added, suggests that the municipal statistician will be obliged to ply his trade ceasely with the return of a more normal economy. And the results of his studies may well necessitate a complete readjustment of credit ratings, not alone with respect to standings when the war emergency has diminished, but also in the light of permanent changes that may have taken place as a result of the war.

In short, the municipal market too will be confronted with some "reconversion" problems.

Jersey City Net Debt Cut 43.9% Since 1936

The late Alfred E. Smith's famed slogan, "let's look at the record," could be effectively applied by the Jersey City municipal administration in deflating the periodic "misgivings" for its future voiced by sundry sources and usually given wide currency by the press. For the record, based on facts and figures, pointedly refutes the oft-repeated assertions and charges of municipal disintegration, etc.

The facts in the case disclose, for example, that by Dec. 31, 1945, Jersey City's net public debt will have declined to $39,916,510 from the 1936 aggregate of $71,173,114, representing a dollar decrease of no less than $31,256,604, and a percentage reduction of 43.9%.

In addition, as pointed out in a statement just issued by Mayor Frank Hague, the city has operated on a pay-as-you-go basis continuously since 1936, having maintained this enviable record even during the depression years. As a result, the city has ended each fiscal year with unencumbered cash surpluses ranging from $1,700,000 to $12,400,000. During that period, municipal services have been fully maintained, with operating costs held well within appropriations and revenue collections invariably substantially exceeding conservative budget estimates.

Another "record" for the books concerns the municipal water department, which, despite one of the lowest rate schedules in the country, has been operated each year on a cash surplus, which has been used to reduce general taxation. In addition, according to Mayor Hague, approximately $16,000,000 in delinquent railroad taxes is still [after 12 years] in litigation and when and if, any of these millions are collected, they will be entirely unencumbered cash surplus, available for further reduction of general taxes.

In light of the foregoing disclosures, there can be no doubt, as Mayor Hague observes, that Jersey City is today in its soundest financial condition in history and its current and long-range financial status is such "that we are in an extremely favorable position to meet post-war problems and to capitalize on post-war expansion needs."

Nebraska Municipal Debt Statistics Compiled

The Wachob-Bender Corp. of Omaha has just issued the 1944-1945 edition of its booklet containing a variety of data useful in evaluating the financial condition of taxing units in the State of Nebraska. As usual, an index in the forepart of the booklet facilitates ready access to the record for each community and the data includes the 1940 population, assessed valuation for 1944, bonded debt and total mill levy.

A feature of the document, copies of which may be obtained upon application to the Wachob-Bender Corp., is a discussion of the Consumers Public Power District and its various systems, including their debt status.

Long Beach, N. Y., Calls $33,000 Refundings

Holders of series B general refunding bonds of the City of Long Beach, N. Y., dated Dec. 1, 1940, and due June 1, 1960, are advised that $33,000 principal amount of these bonds have been drawn by lot for redemption on June 1, 1945, at par plus accrued interest. Redemption will be made at the office of the Marine Midland Trust Co., 120 Broadway, New York City.

Long Beach, incidentally, is scheduled to come to market shortly with an issue of $5,443,000 refunding bonds. A bill authorizing issuance and sale of the bonds was recently approved by Governor Thomas E. Dewey and the opinion is held that the city will be able to dispose of the loan at a cost of between 2% and 3%, as compared with the slightly more than 4% contained in existing obligations.

New York State and Local Debt Structures Analyzed

Dealers and investors in bonds of the State of New York and its cities and counties should find extremely informative a study prepared and published by the Citizens Public Expenditure Survey of New York State, 100 State St., Albany. The report, titled "Our Debts—A Story of Federal, State and Municipal Debts as They Affect Citizens of New York State," includes data indicating the net total debt for each city and county at end of fiscal years covering the period 1930-1943, inclusive. Also shown for each unit is the 1943 per capital debt.

For cities alone, a tabular record shows, for 1943, the debt limit, debt margin, and the amount of debt per $1,000 of assessed valuation and per $1,000 of full value.

Equally interesting data is given on the movement of the State's debt between July 1, 1930, and June 30, 1942. By way of illustrating the overall scope of the study it should be pointed out that there are paragraphs titled, "Danger Signs Ahead," "Conflicting Theories of Finance" (pay-as-you-go and life of the project), and "Measures of Municipal Debt Capacity."

Thomas McCabe to Direct Overseas Surplus Office

The office of Army-Navy liquidation, announced on April 23, that active direction of the Office of Overseas Surplus had been assumed by Thomas B. McCabe.

Mr. McCabe is on leave as Chairman of the Federal Reserve Bank of Philadelphia and President of the Scott Paper Co.

The New York "Herald Tribune" announced that assistants to the Commissioner are Major General Donald H. Connolly, recently commanding general of the Persian Gulf Command, is deputy commissioner of the joint military and civilian disposal organization. Rear Admiral W. B. Young, former chief of the Bureau of supplies and Accounts of the Navy.

JERSEY CITY, NEW JERSEY

A NINE-YEAR RECORD *of* SOUND FINANCE

To Investors: The City of Jersey City is justly proud of the exceptional record it has achieved because of consistently conservative financial management. The Mayor and Board of Commissioners feel that those of you who have invested your money in Jersey City's bonds should have the *facts* as to the City's financial condition and an opportunity to look at the noteworthy record of the City's performance on a pay-as-you-go basis for the past nine years. The principal financial results are shown below and are taken from the annual independent audits of the City's records.

The results of conservative budgetary operation are evidenced by the free and unencumbered cash surplus on hand after all obligations of each year were paid in full:

CASH SURPLUS

1936	$ 1,761,789
1937	4,479,796
1938	3,315,963
1939	4,320,245
1940	3,751,295
1941	6,383,549
1942	8,379,840
1943	8,959,196
1944	12,472,236*

*Includes $5,505,356.47 of Delinquent Second Class Railroad Taxes collected during 1944.

Since 1936 $26,282,517 of Cash Surplus was used as Revenue in the budgets of 1936 to 1945, inclusive, for the purposes of reducing the tax levies during those years.

DEBT REDUCTION

By December 31, 1945, the City of Jersey City will have reduced its Net Public Debt $31,256,604, or 43.9%, since January 1, 1936.

	January 1, 1936	*December 31, 1945*
General and School	$62,763,564	$38,798,510
Water	15,200,255	11,495,000
Total Outstanding	$77,963,819	$50,293,510
Less: Sinking Fund Assets	6,790,705	10,377,000
Net Public Debt	$71,173,114	$39,916,510

NO BORROWING FOR RELIEF SINCE 1936

NO TEMPORARY INDEBTEDNESS

THE BOARD OF COMMISSIONERS
JERSEY CITY, NEW JERSEY
FRANK HAGUE, Mayor

May 1, 1945

Population 1940 Census 301,173

INSURANCE & BANK STOCKS
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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

The Seventh War Loan Drive starts May 14, 1945 and will run until June 30, 1945. The total goal is $14,000,000,000, which is the same as the goal of the Sixth drive which ran from Nov. 20th to Dec. 16, 1944.

There is more emphasis this time, however, on individual investors, who are expected to take $7,000,000,000 compared with $5,000,000,000, in the last drive. Furthermore, a very definite attempt will be made by the Treasury to assure the Seventh War Loan's being as non-inflationary as possible, with a minimum of bank credit expansion. Consequently, limitations have been placed upon the part that commercial banks may play.

It is of interest to review briefly the provisions of the previous drives as to commercial banks. In the first two drives during December, 1942, and the spring of 1943, offerings were made to commercial banks as well as to non-banking groups. In the third drive, commercial banks were excluded during the drive, but received separate offers after the close of the drive. During the three 1944 drives the banks were not permitted to subscribe directly to any of the issues of new money, except for regular offerings of Treasury bills and limited subscriptions *concurrent* with the drives, but not part of them.

Despite these limitations, the holdings of Governments by the banking system continued to increase through purchases in the bond market and direct purchases from corporations and individuals who had subscribed during the drives.

The following table shows some of the principal data on the seven loan drives:

War Loan Drive—	——Period——		Goal	Total Sales	Non-Bank Investors	Commercial Banks
				(Millions of Dollars)		
First	11-30-1942	12-23-1942	$9,000	$12,947	$7,860	$5,087
Second	4-12-1943	5- 1-1943	13,000	18,555	13,476	5,079
Third	9- 9-1943	10- 2-1943	15,000	18,944	18,944	----
Fourth	1-18-1944	2-15-1944	14,000	16,730	16,730	----
Fifth	6-12-1944	7- 8-1944	16,000	20,600	20,600	----
Sixth	11-20-1944	12-16-1944	14,000	21,600	21,600	----
Seventh	5-14-1945	6-30-1945	14,000	----	----	----

In the Seventh Drive, the commercial banks may not subscribe directly to any of the issues, moreover, the number of issues that they may purchase after the drive has been reduced, and other restrictions have been imposed. For example, they will not be permitted to own the 2¼% and 2½% bonds offered in this drive until within ten years of their maturity dates. However, they will be permitted to subscribe in limited amounts to the Series F and G savings bonds, the 1½% bonds and the ⅞% certficates *concurrently* with the drive but not as part of it. Many of the changes in the Seventh War Loan have been made in order to discourage the resale of large amounts of Governments from non-bank investors to the commercial banks. It is believed, for instance, that elimination from this drive of the unrestricted 2% bonds will be an important factor in reducing future resales to banks, since these were particularly popular for this purpose. The market premium on the 1½% unrestricted bonds will be smaller and should tend to discourage the so-called "free-rider."

The only unrestricted issues in the Seventh Drive are the ⅞% one-year certificates, for corporate non-bank investors, and the 1½% 5½-year bonds, for individual investors. The Treasury believes that these issues are less likely to be shifted to the banks in large amounts after the drive.

The Treasury has requested the commercial banks not to make loans in this drive for the speculative purchase of Government Securities, and not to purchase from customers outstanding issues in order to facilitate subscriptions to the new issues. The Treasury is in favor, however, of the banks' making loans to bona fide customers who desire to make permanent investments in the new securities.

It is of interest at this point to show the increase in the holdings of Governments by commercial banks which has accompanied heretofore each and every war loan drive. For purpose of illustration the weekly figures of the Federal Reserve Member Banks for New York City are cited.

War Loan	Total U. S. Government Securities Held Week Before Drive	Week After Drive
First	$10,129,000,000	$11,611,000,000
Second	11,667,000,000	12,727,000,000
Third	12,600,000,000	13,297,000,000
Fourth	13,177,000,000	14,038,000,000
Fifth	13,194,000,000	14,872,000,000
Sixth	13,718,000,000	15,314,000,000

The latest figure reported is $14,586,000,000 for April 25, 1945.

The restrictions in the new drive will undoubtedly slow up the rate of expansion of Governments in the portfolios of the commercial banks, which is desirable because it serves to dampen inflationary forces. Already the commercial banks hold approximately 33% of the Government's total interest-bearing debt. However, it seems likely that, as individuals and corporations need cash, they will continue to look to the banks to relieve them of their Governments, and thus the volume of the banks' holdings will tend to creep up, despite the limitations.

From another point of view, a slow-up in the rate of increase in the earnings of the banks at this stage may well be beneficial, since it may prevent them from becoming subject to the excess profits tax, which they have thus far avoided, and thus conserve their present high net earnings level for the time being.

In conclusion, it is important to note that a large proportion of the banks' Government security holdings are in relatively short-term issues, which are normally more stable in price than are the long-term bonds. The banks therefore will enter the post-war period in a liquid and flexible position, well able to meet demands for shifts in deposits and for the anticipated large demand for commercial and industrial loans. To this observer, the earnings' prospects of leading commercial banks for the early post-war years appear promising indeed.

NATIONAL BANK of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar
Subscribed Capital____£4,000,000
Paid-Up Capital______£2,000,000
Reserve Fund________£2,200,000
The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

Nickel Plate Sells $58,000,000 Rfg. Liens

Halsey, Stuart & Co., Inc., and associates were the successful bidders April 26 for a new issue of $58,000,000 of refunding mortgage bonds of the New York, Chicago and St. Louis (Nickel Plate) RR. The syndicate received the award on its bid of 99.779 for a 3¼% coupon. Designated as series E bonds and due on June 1, 1980, the bonds were reoffered immediately at 101, subject to the approval of the Interstate Commerce Commission.

The Nickel Plate will use the proceeds, with treasury funds required, for the redemption, at 102 of its 4½%, Series C, refunding mortgage bonds, due in 1978, of which $59,875,000 is in the hands of the public.

The road will pay as a sinking fund, on Dec. 1, 1945, and semi-annually thereafter, a sum equal to ½ of 1% of the aggregate amount of Series E bonds theretofore issued and sold, but only out of income after fixed charges for the preceding calendar year. The sinking fund payments are cumulative, and the fund is calculated to retire about $19,500,000 of the bonds if all payments are made. Sinking fund redemption prices start at 101⅛%, and regular redemption prices being at 104⅜%.

The road, with the completion of this financing, will have reduced its non-equipment debt with the public by 35% since 1934, and the net reduction in total debt for the same period will be 29%.

Snyder Approved by Senate

The nomination of John W. Snyder, as Federal Loan Administrator, by President Truman was approved unanimously by the Senate Banking Committee on April 24.

The nomination of Mr. Snyder to this post was given in the April 19th issue on page 1735.

Royal Bank of Scotland
Incorporated by Royal Charter 1727
HEAD OFFICE—Edinburgh
Branches throughout Scotland
LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£115,681,681
Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital __________£8,780,000
Reserve Fund ____________ 6,150,000
Reserve Liability of Prop.__ 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1944 __________£208,627,093
SIR ALFRED DAVIDSON, K.B.E., General Manager
Head Office: George Street, SYDNEY
The Bank of New South Wales is the oldest and largest bank in Australasia. With branches in all States of Australia, in New Zealand, the Pacific Islands, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.
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Established 1891
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All of this Stock having been sold, this advertisement appears as a matter of record only.
Not a new issue
May 1, 1945
13,800 Shares
Monumental Life Insurance Company
BALTIMORE, MARYLAND
Capital Stock
Descriptive circular upon request.
The First Boston Corporation

Friedman Favors Credit "Pools" for Small Business

(Continued from page 1941)

inated in 1933 and no substitute mechanism provided. The number of local investment dealers declined 45% in the decade 1935 to 1944. Therefore small and intermediate business cannot now easily get equity money. Besides, recent legislation on labor policy, taxation, and government regulation was more harmful to small business than to big business.

"The Government will not soon relax policies which are hurting small and intermediate business. New political conditions, created by legislation, require new financial machinery. Much searching resulted. Proposals have been made that the Government should aid, either by direct loans or by insuring bank loans, or by buying stock in small business. But Government aid risks taxpayers' money. Proposals have also been made that the commercial banks aid. But banks must be liquid and cannot lock up money in small business. Regional credit pools of banks are being organized. But banking aid to small business risks depositors' money is speculative enterprise.

Besides, small business is more heavily in debt than big business and suffers worse in a depression. It can easily borrow itself into bankruptcy even under present conditions.

"Risk money is needed for business ventures. Small and intermediate business needs equity capital. Local investment should be encouraged. Therefore it is necessary to mobilize trickles of small incomes into a special local financial company, organized to aid small and intermediate business. Such local finance company or investment pool will buy an interest in local business. It will be primarily a partner and not a creditor. Or a finance company could be organized to serve a particular industry. It might be either regional or nationwide. Such finance company, equity pool or holding corporation, whether serving a locality or an industry, would provide technical supervision and management, standardized accounting and financial aid or advice. The stock of the holding corporation would be offered publicly and would eventually be listed on some stock exchange and enjoy good marketability. Thereby, new money could be more easily raised for small business, which was hitherto excluded from the capital markets. The 'small business' holding company would give an expanding small business access to the reservoir of capital furnished by the public.

"To stimulate such equity interest, the Government must give tax relief. If such a financial company were formed now, then income from small business, under the present law, would be taxed three times, before the investor can use it: Once as corporate income of small business, second as income of the participating financial company and third as dividends of the individual stockholders of the financial company. Such income, however, should enjoy tax relief.

"1. After the small business has paid the corporate income tax, the financial company or investment pool should be exempt from a second corporation income tax, and

"2. The stockholders of the financial company should have their dividends exempted from the normal individual income tax. These are minimum requirements.

"3. In addition, these stockholders might also get partial exemption from the individual surtax rates.

"A small business should be taxed alike, whether in the form of proprietorship, partnership or corporation. An investor in a holding company to aid small business should not be punished by taxation, but be encouraged by tax relief.

"Congress, in the past, has given exemption in special situations. Bonds of the privately owned Joint Stock Land Banks are fully exempt from income tax, both normal and surtax, and the corporation itself is also exempt from corporation income tax. The regulated investment companies have special relief from onerous taxation. Why should not Congress give tax relief to small business and thus stimulate employment in small business. The total cost to the Treasury would be insignificant. Of course, if Congress eliminated double taxation of corporations, large as well as small, after the British method, there would be a stimulus to all business, large as well as small."

In speaking of tax policies with reference to small business, Mr. Friedman urged a change from income to expenditure taxation.

"The old formula about taxing according to the ability to pay is a false slogan," he asserted. "It is a stereotyped phrase, which sounds plausible, but at bottom is an illusion. The power to pay taxes is also capacity to employ workers. An excessive rate on high incomes is a tax on employment. . . . There should be a tax not on income, but on expenditure. A man that lives simply and works hard and puts the proceeds back into the community is a small but constructive and democratic WPA. He creates jobs. Practically the same purpose can be accomplished by exempting from taxation the income not spent but reinvested. Such reinvestment creates jobs and builds up capital funds. The inheritance tax takes care of the final accounting. Perhaps small business could be aided by granting partial exemption from tax on income and inheritance to such investors as become partners or stockholders in a small business."

In concluding his remarks, Mr. Friedman asserted that "in any event, small business would revive under the relief proposed. Whatever action is taken should be taken soon. We should encourage businessmen to reconvert to peace, to start new businesses, and to absorb returning veterans into industry. The best time is now."

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Tomorrow's Markets Walter Whyte Says—

(Continued from page 1960)

So now the subject of reasons comes up again. And now you can have a grand assortment to choose from. First you have the war, or rather the imminence of peace in Europe. Opinion is confused as to how stocks will act on an official German surrender. I have a hunch it will do little. Markets seldom discount the same thing twice.

* * *

Major market reasons can be discovered in the doings on the Pacific Coast. All we know, or at least what the papers and commentators play up, is the difficulties that appear between Russia and ourselves. Actually it goes way beyond any such surface manifestations. Stalin can't get a single thing from the Conference unless the Big Two, England and the U. S., want to give it to him.

* * *

When I sat down to write this prices pointed lower. Now they point up. Maybe two-three days from now they'll point down again. But based on present action I see no reason to disturb any positions unless stops are broken. What these stops are you can see in referring to last week's (April 26) column. It might even be profitable to buy some Walworth between 10 and 11 or a fraction beyond 11. Stop should be at 9.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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San Francisco Conference Tussles With Economic Problems

(Continued from first page)

problems are to be dealt with much later under administrative policy, probably by the Social and Economic Council after it has been established, following this Conference. . . . **In the opinion of Charles Taussig, who is the American delegation's expert working on the trade and general economic problems of trusteeship, our technique should eventually follow that laid out by the Anglo-American Caribbean Commission, of which he is Co-Chairman. . . .** This follows the main objectives of (1) extending responsibility for dependent areas from a single power, exercising administrative control, to the International Organization represented by Regional Commissions, and (2) bringing together dependent people, in regions where a community of interest or needs exists, to help each other. . . . The Regional Commissions would themselves be responsible to the new International Organization. . . .

* * * *

The political decisions on the trusteeship question are still in abeyance and, in the words of Dr. Wellington Koo, who is the Chinese expert on that committee, only the threshold of discussion has been reached. . . . However, last Saturday evening, under the brilliant leadership of Governor Harold E. Stassen, the American delegation unanimously agreed on recommendations which it has presented to the other members of the Big Four. . . . **These will be discussed at a further exploratory session this evening when it is hoped that some of the basic disagreements will be compromised. . . .**

* * * *

The American proposals take into account: (1) The future security of the United States, (2) the security of the people involved in the territories, (3) the security of world peace, and (4) the disposition of resources of the lands involved. . . . There are three kinds of territories involved in the problem: (1) Those under the old mandates; (2) those now being separated from enemy states; and (3) territories about to come voluntarily into the trusteeship system, with no indication at the present time where they are to be included. **. . . Also the problem of "backward" territories must be disposed of and, as Lord Cranborne, on behalf of the British delegation, so relevantly asks: "Where is the line to be drawn in defining a backward territory?". . .**

* * * *

The National Association of Manufacturers is represented at the Conference as one of the invited consulting private organizations. . . . It is pressing for the enlargement of the Economic and Social Council, and for the spelling-out of definite functions for it to perform, along the following possible lines:

(1) To act as a repository of economic data;

(2) To call conventions for the making of customs rules, identification of names of goods, setting of trade standards; and

(3) To record international loans and the terms thereof, and to set up machinery for the settlement of disputes about them and performing the functions of the Foreign Bondholders Protective Committees. . . .

* * * *

The NAM wants these and other possible functions specificially stated, in lieu of the present vagueness about the Social and Economic Council. . . . **It is assuring the Conference that American business will wholeheartedly support and promote the new Organization's steps toward promoting sound objectives which are constructive and above all, defnite. . . .**

The NAM wants these and other possible functions specifically the Council to keep out of business—for example, such possible functions as commodity price and control programs. . . .

* * * *

These consulting private organizations are now meeting in a solid body together with State Department officials, irrespective of their varying interests. . . . Thus, matters affecting the NAM are discussed in the presence of representatives of women's clubs, the Foreign Policy Association, and all kinds of political pressure groups. . . . **It is understood that W. W. Cumberland, representing the NAM, put up a strong battle to have these liaison meetings segregated according to the respective organizations' particular field of interest. . . .** In overruling him and his supporters on this, the Conference authorities seem to give additional evidence that the calling-in of all these private organizations is merely a performance in public relations. . . .

* * * *

It is learned on the highest authority that the British definitely committed themselves to the crucially important veto-power provision at Yalta. . . . It was consummated as a compromise to bring the Russians into the Organization, the veto being considered a lesser evil than having the Russians out. . . . **At Yalta the Russians represented the veto right as a "symbol of respectability." . . .**

* * * *

In some quarters here it is felt that the extent of the reversal of Dumbarton Oaks caused by the veto power, is generally underestimated. . . . Dumbarton Oaks provided for the maintenance of large military forces for the instant suppression of aggression; but the Yalta veto compromise now unfortunately permits any of the great powers both to commit an act of aggression if it so chooses, and to veto action by the other powers to prevent such aggression. . . .

* * * *

One of the great problems before the designers of a real world organization is to forestall present tendencies toward building up alignments on a regional basis. . . . General Romulo and the Philippine delegation want a Pacific regional community. . . . Our South American good neighbor policy seems to conform to that technique. . . . Lord Cranborne favors regional arrangements, as a kind of second line of defense in case the world organization breaks down. . . . **And France wants to amend the Dumbarton Oaks charter to permit "automatic action" without consulting the Security Council, through regional pacts, when an aggression is committed. . . .**

* * * *

The grouping of nations into separate regions for purposes of ensuring national security creates a vicious circle, undermining a real international organization whose purpose is to assure the security of all nations. . . .

The creation of a new category of "middle powers" is another alteration of the Dumbarton Oaks Charter and concept which is ripe for early open discussion. . . . Favored by Great Britain, this would devise a separate group of nations like Canada, the Netherlands, Australia, and Brazil, having the power and the tenure on the Security Council somewhere between the permanent Great Powers and the rotating small nations on the Security Council. . . .

* * * *

Tomorrow has been designated as the last day for the submission of amendments to the Dumbarton Oaks proposals, the most definite and pertinent of which seem to be harbored by Australia, which contends that now is the time to perfect the Charter. . . . **This deadline may accelerate the Conference into the four-week period sought after by British Foreign Secretary Anthony Eden. . . .** The venerable General Jan Smuts of South Africa, has, behind the scenes, been another active instigator of prompt action, because of the bad psychological effects of a lengthily drawn-out talk fest. . . .

* * * *

As vigorously pointed out today by Prime Minister Smuts, a most important issue now emerging on the Conference agenda here is the status, both immediate and permanent, of the Social and Economic Council devised at Dumbarton Oaks. . . . The Council composes an important integral section of the World Organization Charter, but determination of its prospective technique of operation, the purview of its powers, and its relation to the General Assembly is still wide open. . . .

* * * *

The spokesmen of all the important nations have laid great emphasis on the economic phases of international cooperation. . . . For the British, this was stressed at great length by Clement Atlee and by Anthony Eden who said before a plenary session: **"But of equal importance with this (international machinery for settlement of political disputes) is the solution of economic problems which, if untended, can themselves sow the seeds of future war." . . .** Mr. Forde, of Australia's Labor Government, strongly demands that the Economic Council not only be a potent body with teeth, but also that it shall function in permanent session rather than take action in fits and starts. . . . He also urged that it actively back up labor standards and advance Social Security in pursuance to the Atlantic Charter. . . . Mr. Molotov and his Russian cohorts will of course, have their minds on social phases. . . . **The obligation to provide an abundant life for all has been stressed here by Prime Minister of Canada Mackenzie King. . . .** And Mr. Stettinius has stressed that the basic aim of the new World Organization is to expand on the previous and preliminary non-political International Conferences held in Atlantic City, Hot Springs, Bretton Woods and Chicago, in devising cooperative measures in agriculture, food, finance, aviation, and for general expansion of post-war economies. . . .

* * * *

From among those here who have been devoting thought to the nature of the operations of the Economic and Social Council, predictions range all the way from expectations by the British group of an active and definite functioning organization going into high gear immediately after this Conference closes, to prophecies that it will amount to no more than a glorified international chamber of commerce. . . .

* * * *

The main stumbling block in the way of the Council functioning with power, is the same as the basic overwhelming difficulty facing the Organization's Security Council—namely, unwillingness of the sovereign powers to give away their veto rights and other prerogatives, in deference to rule by majority voting as is proposed. . . . **Countries are even more unwilling to give a blank check to an international commission to make vital decisions on economic and social questions, than in the political sphere where sufficient objection is being encountered. . . .** Confirmation of this is already evidenced by the action of the rambunctious Mr. Molotov in his latest press conference, where, before embarking on his anti-Argentina outburst, he entered a lengthy objection to the International Labor Organization (designed for continuation in the Dumbarton Oaks charter) to represent trade unions. . . . The U.S.S.R. withdrew from the ILO at the time of the Finland controversy; and hence Mr. Molotov made his strong formal plea that the rival Trade Union Congress, which is in session in the adjacent city of Oakland, and of which the U.S.S.R. is a member, should be represented at this Conference in an advisory capacity. . . .

* * * *

The best authoritative opinion here holds that the Economic Council will function essentially as an advisory and coordinating body; that it will initiate conferences and conventions to deal with such matters as tariffs, communications, and raw materials; that its relation to the General Assembly will be one of liaison in lieu of operating under its direct aegis; and that it will not function in an administrative manner. . . .

* * * *

There also is the question of the relationship of individual commissions and other proposed bodies (e. g., Bretton Woods) to the Economic and Social Council and to the World Organization. . . .

* * * *

The basic principles of the International Labor Organization, and of the United Nations Food and Agriculture Organization, positively provide for working cooperation with the new International Organization. . . . And Bretton Woods also is definitely tied to the New Organization, and with public international organizations having specialized responsibilities in related field. . . . But it further provides that modification of Bretton Woods, necessitated by reasons of such cooperation, must be affected only by amendment to the Bretton Woods agreement, by three-fifths of the members having four-fifths of the total voting power. . . . The same arrangement for coöperation between the Bank for Reconstruction and Development and an International Monetary Organization is established through the fact that both are being promulgated by the same United Nations. . . .

* * * *

Assistant Secretary of the Treasury Harry White, fashioner of Bretton Woods, is busily engaged at this Conference. . . . Your correspondent discussed with him at length the relation of the Fund and the Bank to the World Organization, and the effect of this Conference's ultimate success or failure on the carrying-out of Bretton Woods. . . . **Mr. White feels that "the carrying-out of the Bretton Woods agreement, and the operations of the Fund and the Bank have no dependence whatever on the World Organization, either directly or in the contemplated Economic and Social Council, or on the**

general operations of the Organization. . . . Hence, the fate of Bretton Woods in no way depends on the results here. . . . In fact any failure to achieve the desired political ends here makes the International Monetary System all the more indispensable." . . .

* * * *

The other important specific subsidiary for the aegis of the Economic and Social Council is the International Labor Organization. . . . There is unanimous agreement here that, irrespective of the Conference's success or failure, the Council is one body that is certain to function as a continuation of the long-existing ILO, either with or without the U.S.S.R.'s satisfaction with its coloration. . . .

* * * *

The factor of differing interpretations of the Bretton Woods provisions—particularly with respect to gold—among participants at this Conference, between Americans and foreigners, and intra-Britain as between Lord Keynes and Paul Einzig, was discussed here with Dr. White by your correspondent. . . . **His conclusion is as follows: "Whether the Fund actually represents the gold standard or not surely is not a main issue, is unimportant and without real significance.** . . . The practical point is that the proposed technique is effective in giving us the best possible parts of the old gold standard; which insured the stability of exchange rates, and preserved the convertibility of currencies. . . . It is akin to the old gold standard, being unlike it only in that internationally, ratios cannot be altered unilaterally, and that they can be altered with the approval of the Fund. . . . How one categories the Fund is only a matter of definition." . . . That it moves in the direction of the former U. S.-British-French Tri-Partite Agreement, with the addition of teeth, is also maintained by Mr. White. . . .

* * * *

Criticizing the opponents of the Bretton Woods Fund proposals who are pointing to evident differences in interpretation among some British authorities, Dr. White said: **"The attempt by some individuals in this country to convince people that there is a difference in point of view between England and the United States** as **to the nature of the contemplated operation in relation to gold, is difficult to understand and could be motivated only by the desire to confuse rather than explain."** . . .

* * * *

According to some of the British contingent here, it is necessary tactics on the part of the Bretton Woods proponents in England to stress the anti-gold interpretation because of the unwillingness of a majority of the British people to go on gold. . . .

The leaders of the opposition in England are Paul Einzig of the publicists, Robert Boothby of Parliament and Ernest Ablogh of the economists. . . . The latter is considered by the public to be taking a "highly technical line" with a division among economists in general similar to the situation here. . . .

* * * *

As to the general British population, the pro sentiment is more preponderant than here in the United States, as, of course, the "Santa Claus" objection does not exist there. . . .

* * * *

Paul Einzig and his followers are opposed to the Bretton Woods proposals because they are against sterling being tied up with any international instrument which prevents the manipulation of the currency in pursuance to changing internal needs. . . . Lord Keynes, of course, argues that some degree of stabilization and international cooperation is necessary. . . . **So here again in the field of finance, as in so many of the other problems up for disposal at this Conference, sovereignty is the crucial issue—the sovereignty of the pound.** . . .

* * * *

Bearing on objections of John Williams, Harvard economist, to the Monetary Fund as not dealing adequately with Britain's immediate post-war needs is the prediction of British journalists here, that in any eventuality, either with or without the Fund in existence, England will require large loans and will be negotiating therefor very shortly. . . .

* * * *

The Union of South Africa, the ten members of whose delegation travelled a full twenty thousand miles to attend the Conference, has of course been intensely interested in Bretton Woods and in the preceding Keynes and White proposals. . . . **They prefer the White and final Bretton Woods provisions to the original Keynes proposals, as more definitely ensuring the position of the country's gold mining industry.** . . . The Union is very happy over the prospect that now gold will at least remain the measure of value. . . . Whether or not the price thereof is varied, the Union believes that Bretton Woods will guarantee her gold-mining industry. . . .

* * * *

South Africa has experienced little inflaction. . . . Even throughout the war years there has been no government deficit, the budget being balanced through the raising of taxes, the holding-down of expenses, and the prosperity of its gold-mining industry. . . . **The South African pound has retained its relation to the British pound at par, while the Australian and British pounds have sold at a slight discount.** . . . Gold is 132 shillings per fine ounce, from which the Union definitely does not want to devalue, and will not agitate therefore even if England should. . . . After 1931 she followed England off gold, only after a two year interval and pursuant to the urging of General Smuts, who is the only survivor from Versailles Peace Parley in attendance at this Conference. . . .

* * * *

In answer to considerable criticism of San Francisco and the West Coast as the locale of the Conference, the following advantages are pointed out:

(1) The psychological effect regarding continued operations against Japan.

(2) Constructive results in overcoming traditional western isolationism.

(3) Giving the west a more responsible feeling in war participation.

(4) Our foreign visitors were shown, and impressed with, the wealth and vastness of our country, through their trans-continental journey. . . .

* * * *

Many of our foreign visitors, delegates and journalists, are quite amazed at the American ballyhoo and publicity techniques. . . . **The Klieg lights and never-ceasing battery of photographers at press conferences, as well as at the formal plenary sessions, and the ogling of Molotov's every gesture, surely surpasses the public fanaticism for Shirley Temple in the past, and for Frank Sinatra today.** . . . Particularly shocking to a European journalist was the action of a United States delegate, at a plenary session, in beckoning a photographer to accompany him across the aisle, and have him get into proper focus during his introduction to Mr. Molotov. . . .

* * * *

The radio coverage remains enormous. . . . One network, on the air from here only fifteen minutes a day, has fifteen speaking performers, plus five leg-workers getting material. . . .

* * * *

Up to date the Western Union has transmitted from the Conference an average of 266,000 words per day. . . .

* * * *

Kingsley Martin, the British "New Statesman" correspondent, is cabling his current conference story under the caption "The Horse-Fair Conference." . . . As he sees it, a shocking amount of trading via power-politics is going on. . . .

San Francisco Conference Takes Shape

Molotov Bombshells Burst Without Harm. Congress Admits Argentina, but Refuses to Seat Russian-Sponsored Lublin Government. Stettinius Elected Chairman of Important Steering Committee, Though by a Compromise Arrangement, Four Alternating Chairmen Representing Leading Nations Are Selected to Preside Over Plenary Sessions.

The Russian Commissar of Foreign Affairs, V. M. Molotov, head of the Russian delegation to the United Nations Conference, which opened in San Francisco on April 25, furnished the bulk of the fireworks that prevented the affair from becoming a routine gathering of delegates. Mr. Molotov at the first meeting arranged to select a permanent chairman, in opposition to the naming of Secretary of State Edward R. Stettinius, Jr., proposed that there be a rotation of this office among the heads of the leading delegations. As the result of this move, the Conference will have four chairmen to preside at plenary sessions. However, notwithstanding the opposition of Mr. Molotov, Secretary Stettinius was elected chairman of the powerful steering committee. Mr. Molotov also made his presence felt in subsequent actions of the Conference. Although the Conference agreed to give Russia three votes (as had been arranged at the Yalta Conference of the "Big Three") by admitting delegates from White Russia and the Ukraine, members of the Union of Soviet Socialist Republics, the effort to have delegates from the Russian sponsored Lublin Government of Poland admitted was rejected, due, undoubtedly, to the firm stand taken by Great Britain and the United States against the proposal on the ground that the Lublin Government had not been reorganized in accordance with the terms of the Yalta Agreement. Mr. Molotov has, however, continued his efforts to have the Polish Government represented, and withheld his approval of the admittance of Argentina unless the Lublin Government would be given the same privilege. He defended this move strongly at a press conference which he held and which lasted several hours. However, by a vote of 34 to 4, the Conference agreed to seat Argentina, despite the fact that Mr. Molotov carried his fight to the floor of the General Session, after Argentina's admittance had been acted upon favorably by two committees.

On April 30 the United States presented to Britain, Russia, China and France a proposal for creating international trusteeships over seized enemy territory and mandates left over from the old League of Nations.

The United States proposal was understood to have been made so that the United States would be able to retain complete control over captured Japanese air and naval bases.

A committee of the United States delegation, met with delegates of the other nations to discuss this question.

United States committee, selected to deal with the question, comprises Commander Harold Stassen, Assistant Secretary of War John J. McCloy, Assistant Secretary of the Navy Artemus Gates, Under Secretary of Interior Abe Fortas, Benjamin Gerig, Chief of the State Department's Division of Dependent Area Affairs, and Ralph Bunche, an assistant to Mr. Gerig.

N. Y. Community Trust Resources Up 49%

Resources of the New York Community Trust increased by 49% in 1944 to $15,871,557 at the year-end, compared with $10,658,918 at the close of 1943, according to the Trust's annual report published recently. It was the largest growth in one year and the largest holdings ever reported by any Community Trust.

Twelve new funds were established during the year with original capital of $4,559,103 and 12 previously created funds were enlarged by a total of $91,535. Appropriations of $558,746 to 188 charitable agencies in 22 states established a new high level of outpayments in 1944, comparing with $550,816 disbursed in 1943.

The influence of military activities was reflected in a variety of war-connected grants including $34,576 to the American Red Cross; $11,500 to the National War Fund; $2,000 to the Metropolitan Opera United Forces Fund; $4,950 for distributing musical instruments to service field units; and $2,000 for army overseas welfare purposes. Among other benficiaries were the Salvation Army, $65,692; Community Service Society, $27,586; United Hospital Fund, $14,130; and Visiting Nurse Service, $40,218.

Sixty-nine funds are now represented within the Community Trust. Concerning the future of philanthropic foundations, the report stated:

"As the development of great family accumulations is progressively discouraged by tax levies that obviously will long prevail, the sources of supply that have crated the larger foundations will tend to produce only smaller ones and fewer."

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The Securities Salesman's Corner

By JOHN DUTTON

For quite a while we have been toying with the idea of putting down a few observations of our own regarding what we believe to be the artificial market conditions which have prevailed in the securities business for almost the past decade. We have not done so primarily because this column has been concerned with the merchandising and selling end of the securities business. We have also believed that it is not the prerogative of others to usurp the functions of professional economists and statisticians—and which this column admits having no claim to specialized experience in this field.

However, we do believe that other practical securities men, such as dealers and salesmen, also have some foundation of experience and study, upon which they too may have come to the same conclusions, regarding the kind of economic conditions which we believe now exist in this country. When we use the phrase "artificial market conditions" we do not infer that present markets are artificial. Markets are only a reflection of underlying factors. What we do believe, however, is that political and financial arrangements regarding our entire economy have created certain factors, which at this time have **influenced markets** to an extent that otherwise would not have transpired.

If we are correct in this assumption, **that many securities prices are out of line with reality**, then most definitely it is well for the dealer in securities to recognize the facts and be warned in advance of the possible repercussions that may lie ahead.

First, let us consider the effect upon security prices which has been brought about by Government fiscal policies affecting money rates. For years past our Government has operated at a loss. This loss has been financed through debts. Today, despite a national debt working nearer and nearer to the $300,000,000,000 mark, money rates on Government bonds are the lowest in history. This is an artificial condition that cannot prevail INDEFINITELY. If it does, all the history of mankind will be proven to be false. The way we view this entire subject, we'd rather bet on history than the manipulations of politicians.

The effect of these artificially controlled and manipulated money rates is well known to all students of the bond market. All high grade bonds are now selling at levels that reflect these low interest rates. HIGH GRADE INVESTMENT BONDS, BOTH CORPORATE AND MUNICIPAL, ARE NOW SELLING ON A YIELD BASIS THAT IS PROHIBITIVE, AS FAR AS CONCERNS THE INDIVIDUAL INVESTOR. The resulting effect of this condition, IS THAT INDIVIDUAL INVESTORS HAVE BEEN FORCED TO SEEK RETURNS UPON WHICH THEY COULD LIVE, BY BUYING SECOND AND THIRD GRADE SECURITIES. This subject in itself is so broad that a book could be written about it. For the purposes of proving our point, we will just make the statement and let it stand. Securities dealers and salesmen know by their own experiences that this, as Jimmy Durante would put it, "is the condition that prevails."

Secondly, let us look at present day tax laws. In the desire to raise revenues for the Government's huge expenditures, plus the politicians' urge to play up to the so-called "have nots," the taxation upon those in the higher income brackets has reached levels that make even a 4% to 5% taxable bond unattractive from an income standpoint. Here again investors have been forced by circumstances to look for securities that offer "price appreciation" opportunities. The demand for preferred stocks with accumulations, workout situations, reorganization securities, and out and out speculations, that are based primarily upon HOPES FOR A BIGGER AND BETTER WORLD IN THE POST-WAR ERA, has been accelerated far beyond anything approaching normal for this type of security.

All of this has forced securities men to follow the trend, OR SUFFER A LOSS OF BUSINESS THAT EVEN THE MOST CONSCIENTIOUS AMONG US WOULD FIND PROHIBITIVE. What the answer is to be, only the future can tell us. However, it is our point that securities dealers who now find that their customers' portfolios are becoming top-heavy with risk securities SHOULD STOP, LOOK, AND LISTEN. If anyone knows that you cannot get something for nothing, and that the tree never grows to the sky, IT IS THOSE OF US WHO MAKE OUR LIVING IN THE HARD, REALISTIC WORLD OF INVESTMENT AND SPECULATION. Today the public is avid for PROFIT. Greed is again in the saddle and it is riding hard and high. The public wants to gamble. It has found out that it has been possible to make huge profits during the past several years out of very speculative, low-grade situations. The dam has been built out of the political fixing of prices and of monetary and fiscal controls, and the ensuing backlog has been accumulating for many years—if the flood ever breaks it may even be uncontrollable for a time.

As far as protecting individual accounts from such a possibility is concerned, it is much easier to theorize than to accomplish. Even high grade securities can present hazards that at this point appear to be substantial. Speculative common stocks are not the only securities weighted with risk. The entire foundation of our economy is undermined with extraneous stresses and strains that can only be worked out by a gradual return to normal monetary and financial conditions. Whether or not we will have the leadership in governmental places to guide our people through the maze of difficulties and uncertainties which face this nation during the next ten years, lies within the realm of fate. To chart our possible pathway into the future would require both occult science and supernatural ability.

If you too, as a security dealer, broker or salesman, believe that this is a somewhat realistic appraisal of the general underlying situation which prevails regarding security prices in general at this time, then you will also agree that this is no time to close your eyes and believe that all is well in Denmark. You won't be sitting around taking advantage of the easier times which now exist in this business, but you will be on the alert to protect your own business and the welfare of your customers, as much as is possible within the scope of your own abilities.

No business is more volatile or uncertain than the securities business. Today the sun is shining, tomorrow there may be a storm. The droughts in this business can be long, hard and dry. Remember? That's why it's good business to keep our feet on the ground, make hay while we can, and keep our eye on the ball. We've got a long way to go before this great country of ours is "out of the woods." Let's do our best to help get it there, and saw wood.

Rep. Kunkel Finds British Indifferent About Bretton Woods

(Continued from first page)

The outstanding impression Mr. Kunkel brings home from Britain is that the British are quite confident they can handle their economic and social problems during the post-war years. They survived Dunkirk, they saw the threat of invasion pass, they licked the V-1 bomb, and felt sure they could take the V-2 bomb in their stride. So they are not fazed by the problem of blocked sterling, even though they have apprehensions as to the effects on the United Kingdom of events in this country and in Russia.

If the United States ratifies the Bretton Woods agreements, Mr. Kunkel told a representative of the "Commercial and Financial Chronicle," the British will also ratify them, but they are in no hurry about it. The British give evidence of no anxiety as to whether the United States should take action on Bretton Woods prior to the conclusion of the San Francisco Conference. If anything, Mr. Kunkel thinks, they would prefer to see us act on currency stabilization after that Conference. There is in Britain a substantial body of opinion which is very unenthusiastic about the proposed International Monetary Fund because of the conviction that it is too close to the gold standard. In general, the British are much more favorably inclined toward the proposed International Bank for Reconstruction and Development. Such sentiment as exists in Britain for the Fund and the Bank is based on the expectation that the countries with which Britain trades will use the resources of the new institution. The British do not expect themselves to draw very heavily on the Fund, and even less so on the Bank, if it is set up, because they are determined not to incur financial obligations requiring repayment. By implication, at least, they would be open to suggestions of lend-lease or similar grant-in-aid from this country.

The blocked sterling problem, i. e., the liquidation of the short-term balances accumulated in London during the war by Empire and other countries, the British are quite confident they can handle on a country-by-country basis, Mr. Kunkel found. Apparently there will be no rush about doing this. The United Kingdom will probably settle this problem by separate negotiations with India, Egypt, etc., and not by a general agreement extending the same arrangements to all. The special circumstances of each case will be taken into account.

The sterling balances are, in the immediate future, more likely to be increased than decreased, as suggested by the British-Swedish trade agreement. Unlike the Anglo - French agreement, which must be cleared up after 12 months, the Anglo-Swedish agreement gives to both parties mutual overdraft facilities for trade purposes not limited as to time or amount, Mr. Kunkel reports.

While the British would go along on the Bretton Woods program, if Congress approved it, it does not follow that they would accept any amendment we might offer. All would depend on how the British interests would be affected by the amendment. An amendment as innocuous as the CED proposal appears to be, Mr. Kunkel thinks the British would not reject. They are very anxious to retain our good will. In this spirit they are willing to take a gamble on Bretton Woods. Their *sine qua non* is the retention of their internal independence, their freedom to install the Beveridge Plan or any other scheme Parliament adopts. And, they insist, they must not be forced to give up exchange control as long as the retention thereof appears necessary to Britain's interests.

Fear that the Bretton Woods proposals might at some future time be disadvantageous to British interests, compelling the United Kingdom to end the existing exchange controls, is one basis of the opposition to the Fund influencing many in the United Kingdom, Mr. Kunkel added.

Regarding Canada, Congressman Kunkel stated that in that country there was a lively interest in having Great Britain and the United States in agreement on Bretton Woods and that official Canadian opinion strongly favors the International Fund.

There is still in England, Congressman Albert Rains (D.) of Alabama, who is also a member of the House Banking and Currency Committee and who is studying the reaction to the Bretton Woods agreements.

Although the House Banking and Currency Committee has not yet announced when it will close its hearings on the bill to approve the Bretton Woods Pact, it appears at the present time, as this correspondent sees it, that it will make a favorable report recommending approval of both the International Monetary Fund and the International Bank without amendments.

Issues Survey of Community Trusts

The aggregate resources of community trusts in the United States and Canada rose to $67,041,684 at the end of 1944, compared with $57,135,194 at the close of 1943 according to a survey summary published on April 15 by the New York Community Trust. The growth during the year was the largest ever registered by these composite charitable trusts.

DIVIDEND NOTICES

THE FLINTKOTE COMPANY
30 Rockefeller Plaza
New York 20, N. Y.
May 2, 1945

Common Stock

A dividend of $.15 per share has been declared on the Common Stock of this corporation, payable on June 11, 1945 to stockholders of record at the close of business May 28, 1945. Checks will be mailed.

CLIFTON W. GREGG,
Vice President & Treasurer

Esso

The Board of Directors of the
STANDARD OIL COMPANY
(Incorporated in New Jersey)

has this day declared the following dividends on the capital stock, payable on June 12, 1945, to stockholders of record at close of business, three o'clock, P.M., May 15, 1945:

Regular semi-annual cash dividend of 50¢ per share; and

Extra cash dividend of 75¢ per share.

Checks will be mailed.

A. C. MINTON, Secretary

May 1, 1945

OTIS ELEVATOR COMPANY

PREFERRED DIVIDEND No. 186
COMMON DIVIDEND No. 150

A quarterly dividend of $1.50 per share on the Preferred Stock and a dividend of 20¢ per share on the no par value Common Stock have been declared, payable June 20, 1945, to stockholders of record at the close of business on May 23, 1945.

Checks will be mailed.

C. A. SANFORD, *Treasurer*

New York, April 25, 1945.

THE ATLANTIC REFINING CO.

COMMON DIVIDEND NUMBER 159

At a meeting of the Board of Directors held April 30, 1945, a dividend of thirty-seven and one-half cents (37½c) per share was declared on the Common Stock of the Company, payable June 15, 1945, to stockholders of record at the close of business May 21, 1945. Checks will be mailed.

W. M. O'CONNOR
Secretary

April 30, 1945

Borden's

DIVIDEND No. 141

An interim dividend of forty cents (40¢) per share has been declared on the capital stock of ***The Borden Company,*** payable June 1, 1945, to stockholders of record at the close of business May 15, 1945.

E. L. NOETZEL
Treasurer

April 24, 1945

THE BUCKEYE PIPE LINE COMPANY
30 Broad Street

New York, April 26, 1945.

The Board of Directors of this Company has this day declared a dividend of Twenty (20) Cents per share on the capital stock without par value, payable June 15, 1945 to shareholders of record at the close of business May 25, 1945.

C. O. BELL, Secretary.

EATON MANUFACTURING COMPANY
Cleveland, Ohio

DIVIDEND NO. 81

The Board of Directors of Eaton Manufacturing Company has declared a dividend of Seventy-five Cents (75c) per share on the outstanding common stock of the Company, payable May 25, 1945, to shareholders of record at the close of business May 8, 1945.

H. C. STUESSY,
Secretary & Treasurer

April 27, 1945

WOODALL INDUSTRIES, INC.

A dividend of 15c per share on the Common Stock has been declared, payable June 15, 1945, to stockholders of record June 1, 1945.

M. E. GRIFFIN,
Secretary-Treasurer.

League Publication Stresses Inflation Danger in Aiming at High Employment

In Report of Post-War Economic Stability It Also Points Out Taxation Deterrents to Investment Risks and the Importance of Capital Exports and Foreign Investment. Holds First Essential of All Sound Anti-Depression Policies is a Balanced Economic System.

A 320-page report entitled **Economic Stability in the Post-War World**, is being issued today by the League of Nations through Columbia University Press, in time for the forthcoming discussion at San Francisco concerning the international economic organization of the future.

It is the fruit of prolonged study by a distinguished body of experts, the Delegation on Economic Depressions, appointed by the Council of the League of Nations in 1938. Since the death of Sir Frederick Phillips of the British Treasury the Delegation has been under the chairmanship of Winfield W. Riefler, former United States Minister in London.

The report deals with the vital problem of how economic stability and the fullest possible employment of labor and of productive resources can best be insured when these resources have been re-adapted to peace-time requirements. The more immediate problems of the transition period were the subject of an earlier study, under the title of **The Transition from War to Peace Economy**, which has aroused attention all over the world. In both reports emphasis has been laid on the international character of economic depressions, and consequently on the need for international action if the dangers to the post-war world economy are to be surmounted. Proposals are put forward concerning the international machinery that would seem to be required.

The report, which is one of 1945's most important documents, is divided into two sections. The first gives a general description of the nature and mechanism of depressions; the second, which ends with a chapter of conclusions, is concerned with policies for securing a high and stable level of employment throughout the world.

Insistence on the international nature of depressions and the need for international action to overcome them is the main theme of the report.

The material covered in the document comprises a wide range, extending from a consideration of the nature of depressions to the interrelationships and dovetailing of world-wide and international economic policies and programs. The chapters dealing with private investment, foreign investment and credit policies, in relation to depressions and expanded employment are particularly interesting. Regarding the importance of private investment, the report states that "the flow of private investment is the main cause of instability of national income in industrially developed countries. The volume of private investment fluctuates more widely between periods of prosperity and depression than any other part of the national income. In so doing it generates changes in total income leading to fluctuations in expenditure on consumption goods and services. Clearly the first aim should be to reduce the fluctuations in private investment themselves, since this would promote security of employment in the same job."

As to the effect of taxation on investment and risk bearing, the report states it is an "important factor influencing both the cost of financing investment and the willingness to undertake investment, particularly in times of depression when the business horizon is cloudy."

"The great dynamic force," it adds, "lying behind the industrial progress of the nineteenth, and in most countries of the twentieth, century has been the willingness of the entrepreneur to take risks. All new enterprise involves risk and requires a spirit of adventure. Many of the greatest undertakings in existence today began owing to the foresight and initiative of a single individual and his freedom to expand his business from small beginnings by re-investing his savings in it. Others have depended on relatively small individual contributions of capital by persons who were willing to venture a part of their capital on the chance of a large return and with the risk of a complete loss of that part. The highly geared taxation of recent years has, however, tended to dry up what was the most important source of risk capital, namely, large private incomes. Persons with more moderate incomes are not in a position to provide this type of capital and new types of financial institutions may have to be developed to help fill this gap.

"In some countries certain forms of taxation have accentuated the unwillingness to undertake risky investments. High income and capital gains taxes reduce the reward in the case of success with no corresponding compensation in case of failure. Moreover, when to personal income taxes are added corporation taxes, a form of domestic double taxation is created which, when rates are high, so reduces the prospect of profit as to constitute a serious deterrent to enterprise. When the State is compelled to drain off any large proportion of the national income by means of direct taxes, it may prove impossible to avoid such double taxation altogether, for the total abolition of corporation taxes is likely in such cases to render an increase in personal income taxes unavoidable. But high taxes on the profits of industry not only check enterprise, but have the further disadvantage of causing an inducement to finance by debentures, that is, by debt, rather than by equity."

As to foreign investment, the report states that "this method of increasing employment differs from those depending on domestic expenditure, because of its effects on other countries. Whereas an increase in employment due to domestic investment renders the balance of payments of other countries more positive and stimulates employment in these countries, an increase due to an export surplus may have precisely the opposite effect. This does not mean, however, that an export surplus on current account is necessarily harmful to other countries. On the contrary, if it permits of additional investment in those countries, it may be extremely beneficial. This is particularly true of under-developed countries which wish to develop their resources; for such countries are likely to have a deficiency rather than an excess of savings in relation to investment opportunities. In this situation an import surplus on current account is to be welcomed as relieving poverty and accelerating development, rather than feared as a source of unemployment.. But an import surplus has to be paid for, and as gold and foreign exchange reserves are usually very limited in under-developed countries, it can only be maintained by capital imports."

"Foreign lending allows the lender to maintain an export surplus which helps to offset excess savings and stimulate employment, and the corresponding import surplus in the borrowing country enables resources to be developed more rapidly or with less sacrifice of current living standards.. . . . An increase in the exports of capital goods by industrialized countries when their own domestic demand for such goods is temporarily satisfied constitutes indeed the most direct and satisfactory method of maintaining employment and preventing a depression from spreading from the mechanical and heavy industries throughout the whole economy. By this means plants could be kept running, labor shifts would be avoided and the importers of these capital goods should be able to acquire them at favorable prices owing to the slackness of demand for them in the producing countries. Moreover, if by this means employment is maintained in the producing countries, the demand of these countries for crude products from the rest of the world would remain active and the threatened depression would spread neither internally nor overseas."

Considering the question of government action in an anti-depression program, it is stated:

"Governments can help by creating a balanced economic system, and indeed this is the first essential of all sound anti-depression policies. We have in mind the creation of conditions in which demand is buttressed against the storm by adequate social insurance; in which the basic needs of all classes of people are always satisfied to the extent that productive resources permit; in which the income of the less-privileged groups is increased by increasing their efficiency and their opportunities and by affording facilities for the investment of their savings; in which forms of taxation likely seriously to impede enterprise are avoided; in which information is furnished about current economic conditions adequate for the formulation of sound policies by the entrepreneur. The government may intervene, moreover, should unemployment occur, with a view to improving the chances of private enterprise, or offsetting a fall in private demand."

SEC Surveys Decade Of Its Activities

With its tenth annual report of developments of the fiscal year ended June 30, 1944, the Securities and Exchange Commission has submitted to Congress a survey of its activities for the full decade of its existence since 1934, the Associated Press reports from Washington, April 27, and adds that the survey stated that "a higher standard of ethics in the handling of other people's money" exists as a result of the SEC's administration of six statutes intrusted to it in the ten-year period. The statutes referred to are the Securities Act of 1933, the Securities Exchange Act of 1934, Public Utility Holding Company Act of 1935, the Trust Indenture Act of 1939, the Investment Company Act of 1940, and the Investment Advisers Act of 1940.

Of the administration of the Public Utility Holding Company Act, under which 53 holding company systems with consolidated assets of nearly $16,000,000,000 are registered, the commission reports, according to the Associated Press:

"Complex capital structures are being replaced by simple capital structures. Holding company debts are being paid off, risky holding company preferred stocks with their huge accumulations of dividend arrearages are being converted to common stock so as to permit once again a flow of income to the security holders."

The following statistics for the ten-year period, the Associated Press states, are included in the survey:

Registration statements under the Securities Act totaled 4,337 and covered $25,345,393,000 of securities with 221 statements aggregating $1,759,700,000 filed within the year ended June 30, 1944.

A total of $118,588,393,000 in stocks and $21,478,630,000 in bonds was traded on 19 registered stock exchanges.

About 4,364 brokers were registered under the Securities Exchange Act and 213 registrations were revoked, suspended or denied for violations.

The Commission enjoined 1,057 firms and individuals for violations and indicted 2,316 defendants. Of these, 1,100 were convicted. The SEC violations filed include the names of 44,399 persons.

Bank Examiners to See Philippine Institutions

Honorable Jaime Hernandez, Secretary of Finance of the Philippine Commonwealth, announced on April 18 that two American bank examiners will leave soon for the Philipines to examine the accounts, business affairs and resources of the closed banks there.

This is in line with President Sergio Osmena's desire that the banks be reopened for business at the earliest possible date. President Osmena issued an executive order closing the banks when he entered Manila in order that competent and experienced examiners might be dispatched to investigate the accounts after three years of Japanese occupation.

This mission has been assigned to Mr. Glenn M. Goodman of the Federal Reserve System and Mr. Morrison G. Tucker formerly of the Federal Deposit Insurance Corporation, who are well qualified with their many years of banking experience, to undertake this important work. Their examinations will reveal which banks will have to remain closed and which can be opened for business transactions.

Methods of Disposal of War Housing Surplus

Methods of disposing of government-owned war housing that becomes surplus to war needs were announced on Apr. 28 by Philip M. Klutznick, Commissioner of the Federal Public Housing Authority.

The National Housing Agency has been designated by the Surplus Property Board as disposal agency to handle the sale of surplus housing property and facilities, and has assigned disposal responsibility to its constituent unit, the Federal Public Housing Authority. The disposition plans, based on policies adopted by the National Housing Agency, will affect the bulk of more than 200,000 publicly financed **permanent** family dwellings, including demountables, which will become surplus either during or after the war. They also cover the disposal of most of the temporary housing declared surplus during the war.

No housing of any type will be declared surplus, Commissioner Klutznick said, if it is needed for war purposes, including the re-use of demountable or temporary housing in other war localities.

This announcement is not to be construed as an offer to sell or as an offer to buy the securities herein mentioned.
The offering is made only by the prospectus.

85,500 Shares

Aircraft Radio Corporation

Common Stock
$1 Par Value

Price $11 per share

Copies of the prospectus may be obtained from the undersigned only in states in which the undersigned is qualified to act as a dealer in securities and in which the prospectus may legally be distributed.

F. EBERSTADT & CO.

May 3, 1945.

Stabilizing Construction

(Continued from page 1942)

reduction alone can now be used to do the job.

But to use tax reduction alone as an instrument of fiscal policy might involve untried delegation of power to change tax rates, substantial changes in the relations of national and local government, and considerable shifts in the incidence of tax burdens. Except to avoid flagrant waste and inefficiency, we should not depend on tax reduction alone as an instrument of fiscal policy. On the contrary, we should use the appropriate measures both of taxation and of expenditure to reach the goal of sound fiscal policy with high employment. And on the expenditure side, the most promising items for fiscal policy are those included under the broad headings of "public works" and "conservation."

Public Works

Public works planners have always been fascinated by the great monuments of antiquity and of the Middle Ages. The palaces of Assyria, the pyramids of Egypt, the highways and aqueducts of Rome, the cathedrals of Europe, all represent the ideal public project for which it seems so difficult to invent the contemporary parallel. These works seem to have been accepted by the community as worthy objects of effort, they were vast in scale relative to their times, and they created no awkward product that would have to be sold in the market place. Work on these monumental projects extended off and on over generations of time, and required the application of hundreds of millions of man-hours to complete—if indeed any of them were ever truly completed.

During the Twenties, the Government taught us to believe that public works might be used to help even out the business cycle. But during the depression of the Thirties, we came to have a profound disillusionment with respect to the use of public works as a means of sustaining business activity. When the breakdown came in 1929, nothing of a practical nature had been done to make it possible to put such an idea into action.

In the spring of 1933. in what was thought to be a bold attempt to produce recovery, an appropriation of $3,300,000,000 was made for public works as part of the National Recovery Act of 1933. By the fall of 1933, it became apparent that public works could not be started merely by appropriating money. Public works require long and detailed planning, legal investigations, site acquisition, and, in many cases, enabling legislation by State and local governments. To meet the urgent need for employment, the Civil Works Administration was hastily put together late in 1933 and this was followed by the Works Progress Administration and later by the Work Projects Administration. Many projects, devised in desperate haste to provide work of some kind for unemployed talent at particular locations were subjected to public ridicule and abuse. The program was admittedly "public work" rather than "public works." Although many of the undertakings could meet the test of necessity and desirability, they broke down on the test of efficiency and reasonable cost.

The idea of using standard public works as a way of supporting purchasing power in time of depression had failed. The record of Federal public works as a means of overcoming a depression was a disappointing one. It was disappointing because we had been led to expect too much, and because, during the years preceding the depression the necessary preparatory work had not been done. Our disappointment should not cause us to reject the use of public works as one of the means of supporting the level of private business, but it should make us revise our expectations and improve our planning and scheduling.

Lessons of the Thirties

The experience of the 1930's with public works taught us many things. First of all, it taught us that the scale on which public works must be pressed in order to do any substantial good in a period of unemployment is vastly greater than we had been led to believe. Indeed, it is so vast that the use of public works as a means of stabilizing the whole economy through the phases of the business cycle must be abandoned. The most we should expect—and this is no small gain—is that we may be able with public works and conservation to stabilize the construction industry itself, so that it would have a more even level of activity throughout the year and over the years.

In addition to magnitude and administrative difficulties, there is another reason for abandoning the idea of using public works as a general cure-all for the business cycle. This other reason is the human undesirability of bringing hundreds of thousands of men into the construction industry and forcing them out again as an offset to the free play of economic forces elsewhere in the business system. These men are not statistical units which can be properly moved from one column to an accounting sheet to another in order to preserve a balanced level of employment. Nor can they be shifted long distances from their homes to places and at times convenient to the business cycle.

These considerations lead us to the conclusion that we should attempt this stabilization not only for the country as a whole, but also regionally. The full requirements of stability will not have been met unless the overwhelming majority of the workers in the construction industry are able to spend at least two days a week at home every week. This means that the planning and scheduling of public works must be both in financial and geographic terms.

What level of employment in the construction industry should we set as a full-time normal for a long-time program? The suggestion has been made that we might take as a rough standard the average rebuilding of our physical plant once a generation, say once in 30 years. This suggestion has the appeal of picturing each new generation turning over to the next generation new, modern structures instead of old, outmoded houses, schools, and factories. Another suggestion is that past experience would validate a level of between 15 and 18 billion dollars a year at present price levels.

Level of Construction Stability

The precise level around which we should direct our efforts toward reasonable stabilization of the industry is less important in some ways than the acceptance of the policy itself. Decision as to level, whether in terms of dollars or of men employed, is a matter of public policy. It will be decided after considering such questions as how much of our product we wish to put into brick and mortar, what the requirements of the people for physical plant may be, how rapidly we wish to restore the national domain, and the present and prospective efficiency of the industry.

But it is important to have some such standard, not only as a basis for advanced planning, but also to indicate how far we ought to go in bringing forward the scheduling of public works at times when private demand is extremely high. It is likely that immediately following the war and for some years thereafter, we shall have a considerable boom in private, residential building. It may well be that this boom, together with industrial demands and public works which cannot be postponed will be more than sufficient to carry the construction industry beyond the level that we may have agreed we would maintain as a long-time standard normal. If this should happen, and if at the same time there should be a substantial amount of unemployment, there would be a temptation to accelerate postponable public works, even though a full quota in the construction industry had already been reached. Barring local situations and public works and conservation projects urgently needed for public safety and welfare, it would be wiser to hold back public works in spite of the presence of some unemployment. There are other effective weapons which can be used to fight unemployment and it would only make the business outlook worse to create so high a level of employment in the construction industry that it could not be maintained, a level that would say to all who could hear, "Crisis ahead!"

A second lesson which has been learned as a result of the experience of the 1930's, is that the public will not tolerate expenditure by the Government that it believes to be wasteful. Leaf-raking and boondoggling are condemned by public opinion and even the inefficiency which results from the employment of the incompetent unemployed, or from the failure to use known labor-saving equipment is frowned upon. The public rejects the sophisticated rationalization that some purchasing power is better than none at all. The argument that public boondoggling is neither better nor worse than private boondoggling is to no avail. The people will not accept wasteful public expenditure as an element in fiscal policy, nor will they approve the subsidy of projects which have not been recognized as suitable for public governmental support.

The insight of the people in this respect is sound. It is obvious that wasteful effort at public expense is done at a social cost. The justification that had the labor been unemployed, nothing at all would be produced is unconvincing. Even though the waste be less, it is still undesirable.

The governmental agencies in charge of public works have always been sensitive to public opposition to wasteful expenditure. Projects conceived and administered primarily to provide work for particular groups of the unemployed were segregated in special, temporary agencies such as the WPA, the CCC, and the NYA. This segregation of what was known to be more or less wasteful work enabled the public works agency to confine its projects to items which could be justified on grounds of merit and efficiency.

Advance Planning Required

There is another reason why the purpose, scope, and scale of public works programming should be under public discussion. It is desirable that the public should appreciate the magnitude of the program, and should approve the policy well in advance of the time when detailed operations will have to begin. Only in this way can true economy of expenditure be attained. The magnitude of any construction stabilization program over a period of 20 years would make possible dramatic changes in our national physical plant. Unless there is some comprehensive concept of what is attainable, there will be great waste through the undertaking of thousands of unrelated, efficient details. This is not a justification for a formalized, unified, and imposed national public works strait-jacket into which the future public construction of the country will be tied. It is simply an observation that the whole is greater than its parts, and that many a poor cake has been made from worthy ingredients.

The construction industry is greatly involved in public works expenditures, no matter what our policy on public works may be, and the construction industry is a costly and wasteful industry.

The reasons are not hard to find. Every phase of the industry is subject to the feasts and famines of seasonal and cyclical demand. The circumstances which cause one family to decide to build a house, cause thousands to decide the same way at the same time. The circumstances which result in a profitable outlook for the building of a factory by one company will simultaneously affect thousands of companies. On the other hand, when families and businesses cannot or do not wish to build, broad, general, causative factors are at work which create depression for the construction industry.

The private construction industry has tried to adapt its practices so that the several elements of the industry could survive under these adverse conditions. Architects, building contractors, building supply companies, labor, finance and mortgage companies, all found it necessary—each in its own way—to establish and to hold a price structure high enough so that the days and hours of activity would pay for the time when there was little or nothing to do.

This kind of pricing, though necessary for survival, presents some difficulties. In the first place, it takes the cost of idle time and adds it to the cost of active time so that the active time carries a heavy total expense. In the second place, no such price schedule can be maintained unless outsiders are kept from coming into the industry, and unless insiders understand more or less specifically what the rules of the game are and it is made "convenient" to follow them.

Restrictive Practices in Construction Industry

The reasons why restrictive practices spring up in so volatile an industry as construction are easy to understand. In periods of activity, prices are well above actual expenses at the moment, and an outside interest, whether contractor or worker, will be well satisfied to take a narrower margin for the short run, or to deliver a full day's work, or otherwise by competition to take income from an established member of the industry. The days of famine in the industry are supported by these days of feast, and the banquet when it comes must be reserved for the homefolks, not for the minstrel who will sing for his supper and then wander on.

In the low period of the business cycle, in periods of dullness, there is always some small amount of construction which has to be done, and now the insiders must be held in line. Naturally, every element in the industry would prefer some little income to none at all, and active bidding for the business at lower prices might be expected. But this cannot be permitted. The price scedule must be kept up in order to make sure that when the activity comes again the income then received will be sufficient to provide a little more than a break-even for busy and idle time taken as a whole.

It is not necessary to recite in specific detail the restrictive practices for which the construction industry is notorious. All these practices spring from a common need, to make sure that the scale of prices obtained when there is work to do is sufficient to pay for the idle time too. The high schedule of prices is forced higher still by the uncertainty of how long the periods of idleness will be. A retailer knows that spring and winter come every year, and therefore he can figure his annual costs. In construction, who knows how long a boom may last or when it may come again?

The restrictive measures in the industry are in many cases ingenious, in some cases illegal, in all cases for the purposes of price maintenance and the control of competition. In spite of extenuating circumstance, it is unwholesome in the national interest to go along indefinitely with an industry which for its own survival has to have a considerable element of the outlaw in it. As long as illegal practices are condoned on the front of restrictive and collusive rules, they will be excused wherever they can be exploited to make a profit or to fortify a power position. Toleration of illegal practices leads to a special kind of cooperation between government, labor and business—the cost of which is paid for by the consumer-citizen, both in high prices and in the corruption of his government.

The Place of Private Enterprise

We must never forget that the bulk of construction over a period of time arises from private demand and that the greater the proportion of private demand, the healthier the industry will be. Optional public works should be looked to only as a balancing factor, not as the main source of demand for construction.

Therefore, with these considerations in mind, the stabilization of the construction industry through the planned timing of public works can be confidently expected to yield important benefits. First of all, stability of employment should eliminate the uncertainties and fears which make the industry irresponsible, always fighting for its life. Second, construction costs should fall sharply and the earnings of workers and the profits of contractors should increase. Third, the total public construction program could be well planned. Certainly a stabilized industry would produce a vastly greater quantity of construction output and, over a period of time, would change in a fundamental way the structural American environment. Obsolete buildings could not stand before the march of an efficient construction industry.

But here we come to a real difficulty. It is impossible to justify large public expenditures today to support the construction industry at a high stabilized level so long as it operates under existing restrictive practices. Nor is it likely that the construction industry at a high stabilized level as tive. Indeed, a firm commitment on the part of the Federal Government to see that a high level of construction is held throughout the year and over the years would tempt into the industry a new following which, to be sure, would leave the industry on a stabilized level, but still with all elements only partially employed and with costs as high as ever. The government and the private consumer would still not be getting their money's worth since the industry would still be pricing for idle time.

Congressional Investigation Needed

As you know, it is my opinion that a program for stabilizing the construction industry through the use of public works should be accompanied by a Congressional investigation of the industry with recommendations that would result in its reorganization. Such an investigation should be of the same dignity and competence as that of the National Monetary Commission following which the Federal Reserve System was established. If it should be found that the industry requires certain immunities under the Sherman Act and State anti-trust laws, it should be subjected to corresponding regulation. If some of the restrictive practices of the industry should be continued, even under high stabilized production, these practices should be sanctioned by law and supervised by an appropriate regulatory body.

The construction industry stabilized by public works expenditures and regulated by a government agency would be a different industry from what it is today. It would still be competitive, just as the radio or the banks or the airlines are competitive; it is possible that the industry would be even more competitive than it is today. The dominant factors in the industry would turn to innovations and economies as their way of bidding for a larger section of the construction pie, and since under these circumstances a larger pie is assured, who will complain if the quality is improved?

An industry that is looked to for at least 38% of the national product is certainly a matter of national concern, particularly when the industry does not appear to be able to stabilize itself without resorting to inefficient, restrictive practices which increase costs, postpone innovations, and introduce elements of lawlessness into the industry. When, added to these considerations, the industry is indispensable as a source of essential public works, of housing and transportation, and as an outlet for the investment of the people's savings; when it is to be the beneficiary of billions of dollars of planned public expenditures over the years, it is certainly discussable that the industry should have a quasi-public utility status. In any case, the industry should be given a chance under the law to reorganize for the most efficient service to the community as a private, competitive construction industry.

It may well be that the 1940's will be the decade of the construction industry, the period when it grew out of unregulated anarchy into an orderly pattern of effective competition. Just as the railroads in the 1880's, the banks in the 1900's, and the Security Exchanges in the 1930's were reorganized and regulated in the public interest, so the pattern of the construction industry may be redrawn in the years immediately ahead—a pattern that will give stability and order to the industry, efficiency and lowered-cost construction to the public, and sound public works programming to the Federal Government.

Now is a particularly good time for a Congressional inquiry into the needs of the construction industry. There is no nation-wide scandal to obscure real problems and result in distorted legislation. Further, the period immediately following the war will probably see the industry in a fairly healthy condition as far as demand is concerned. During this period the investigation could go on without the presence of crisis in the industry forcing premature judgments.

The suggestion for a Congressional inquiry into the construction industry should not be used as an excuse for delay in the preparation of detailed plans and specifications for Federal, State, and municipal public works. Experience teaches us that the practical circumstances of getting work under way make it desirable to have plenty ready to do. If a commission of inquiry should be appointed, its report would be many months in preparation at best. Nor is it likely that action would be taken on such a report after it was issued until after much debate, discussion and popular education. In spite of great potential long-time benefits, we must recognize, I think, that such a commission will be of little practical value in the immediate post-war period; and public and private construction will have to accommodate their plans to each other as best they can. But in any case, the more good plans we have ready, the better all around.

This suggestion for a Congressional inquiry into the construction industry, which I first made a little more than a year ago, has had a mixed and indifferent reception by the industry. A few have told me privately that they thought it was a good idea but that nothing would happen until it was too late. The "Wall Street Journal" is against it on the grounds that it would be a step toward regimentation and objectionable government control. Marion Hedges, the Director of Research of the International Brotherhood of Electrical Workers, also questions the desirability of such a Congressional inquiry. He fears that this is a proposal "for centralized control principally by persons who know little or nothing about the industry." He concedes "that members of the industry would like to see the industry treated with dignity" and "this cannot be done in its present loosely-knit state and can only be done when and if the industry reaches a higher stage of self-government, cohesion and integration by heading up into either an industry council or Federal commission. Instead of Congressional investigation, or at least prior to a Congressional investigation, I should like to see an all-industry. To be sure there is a amine frankly the problems of the industry. To be sure there is a good deal of inertia in this direction but this very inertia is a good reason for not following Mr. Ruml's plan of a Congresssional investigation."

Mr. Hedges' cautious and statesmanlike observations deserve thoughtful consideration, but we must remember that in the course of the next ten years the taxpayer's government will expend between 30 and 50 billion dollars in public works, and that the direction of our fiscal policy is yet undetermined.

I have said that we should not wait for a Congressional investigation to take many actions that would be beneficial to the construction industry and to the public in any case. A recent report by Miles Colean issued by the National Planning Association with concurrence of its agriculture, business and labor committees recommended: First, that there should be established in some appropriate agency a Bureau of Construction Economics which should be authorized to assemble, maintain and publish regularly essential series of data with respect to construction and should have appropriations consistent with the carrying out of this purpose. Second, that facilities should be provided for an extensive program of technical and industrial research organized after the pattern of the National Advisory Committee for Aeronautics so as to represent all the interests involved. Third, since a variable public works program must be regarded as a basic instrument of the stabilization of the construction industry, the Federal Government should organize and implement its agencies so that the objective of stabilization might be attained. And finally, that precaution should be taken whereby in the face of emergency we should be insured against the unhappy consequence resulting from a sudden withdrawal of credit for construction enterprise.

The National Planning Association recognizes that unusual pressure for both public and private construction is certain to result from the accelerated urban building following the restoration of peace. The longer the restoration of construction is delayed, the greater will be the pressure of pent-up demand and the greater the threat to the stability of the industry. The committees of the Association, therefore, urge that the wartime regulatory agencies of the Federal Government give every assistance, consistent with the prosecution of the war, to immediate and rapid revival of the construction industry.

Other useful suggestions have been made for assisting in a more orderly demand for construction. The National Association of Real Estate Boards has recommended that there be created "a new and general Federal Mortgage Bank System upon sound economic foundations with capital stock subscribed by the general mortgage industry, designed to provide, under private management but subject to appropriate regulatory controls, long-term mortgage credit, and to be a source of investment opportunities for the millions of small investors in the land, without, however, involving in any way whatsoever the national credit or engaging the Federal Government in the business of mortgage financing, insurance or processing of mortgages."

This recommendation deserves immediate and favorable consideration, providing, as I think must be obvious, that the proposal does not intend to set up a second central banking system competitive with the Federal Reserve System, and that its intention is to supplement and not supplant the useful activities of the Federal Home Loan Bank System. We need much inventiveness in the creation of efficient institutions under responsible management that will facilitate the flow of savings to investment, and that will help stabilize the private demand for construction, thereby reducing the burden that would otherwise fall upon the Federal Government.

A Congressional investigation of the construction industry, let me repeat, is not necessary in order to get much good work done. I make this suggestion of a Congressional investigation of the construction industry for what it may be worth. I certainly do not intend to press the matter. My principal interest is in fiscal policy, not in the construction industry. As a private citizen, I have the same general concern for the construction industry that I have for any industry—that it should serve the people well, and that it should prosper. Let me make this perfectly clear, an investigation of the construction industry is not necessary in order to have a sound, national fiscal policy. An investigation is necessary, in my opinion, if we are to have a sound construction industry.

In closing, let us see the construction industry in broad perspective. The industry is intimately associated with the everyday life of every one of us. It gives us our homes, our factories, and our places of business. It provides our streets and our highways, our harbors, our waterways, our bridges, and our tunnels; it protects the national domain against irreparable loss. Reasonable stability in the industry will benefit all elements of the industry, and will give to the people all these good products at lower costs as well. Reasonable stability of the industry at high levels of activity would be a bulwark of national prosperity and a great tool of fiscal policy.

More Mail to Belgium

Postmaster Albert Goldman announced on April 21 information has been received from Washington that, effective at once, the mail service to Belgium heretofore limited to letters not exceeding 4 pounds 6 ounces in weight and to nonillustrated post cards, is extended to include articles or printed matter not exceeding 1 pound in weight. The postage rate is 1½ cents for each two ounces.

The printed matter service is restricted to:

(a) Periodicals and newspapers mailed directly by a publisher in this country to a publisher, an agent, or a subscriber in Belgium.

(b) Other articles conforming to the conditions applicable to printed matter, mailed directly by a publisher or commercial firm.

Forwarding or remailing any articles of printed matter for Belgium is prohibited. Publications containing technical data must comply with the licensing requirements of the Foreign Economic Administration.

Official History Of AIB Authorized

The Executive Council of the American Institute of Banking, educational section of the American Bankers Association, has authorized publication of a history of the Institute, which will be written by Richard W. Hill, retired national Secretary in collaboration with Miss Marion Turner, Assistant to the Educational Director, it has been announced by President William C. Way, who is also Trust Officer of the Central National Bank, Cleveland, Ohio. The proposal for the A. I. B. history was brought up at the recent Executive Council meeting, held in Florida. Dr. William A. Irwin, Educational Director, stressed the importance of the action "in view of the fact that our organization pioneered in the field of adult education in America, a field which in the post-war period is going to have a development such as it has never had in the history of this country, or perhaps of the world."

Both Mr. Hill and Miss Turner have been connected with the A. I. B. for many years and have been active in its work from the national headquarters in New York. Mr. Hill became connected with the Institute in 1916, first as Assistant Educational Director. In 1919 he was appointed Secretary and held that post until 1940. Mr. Hill was also Secretary of the A. B. A., of which the Institute is a section, until his retirement from active service in the Association, Aug. 31, 1944, and served for a number of years as Secretary of the Public Education Commission of the Association, as well as Registrar of the Graduate School of Banking, which is conducted by the Association at Rutgers University since its organization in 1935. Mr. Hill is a graduate of the Institute. Miss Turner is also a graduate of the Institute, and has been employed as a member of the national staff since July, 1923. She came to the A. I. B. after a career in the field of scientific education and research following her B. A. degree from Mount Holyoke College and B. S. degree received from the School of Secretarial Science at Simmons College, Boston, Massachusetts.

The A. I. B. was brought into being in 1900 by the A. B. A., which consolidated and gave financial support to the educational activities then being carried on in groups of bank employees in a number of metropolitan areas. The Institute now has 55,000 members and a total enrollment of 25,196.

WAR KEEPS ON NEEDING LONG DISTANCE

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Calendar Of New Security Flotations

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

THURSDAY, MAY 3

LINK-BELT CO. April 14 filed a registration statement for 100,000 shares of common stock (no par).

Details—See issue of April 19.

Offering—Waivers of preemptive rights with respect to a number of shares of common stock to be filed later of the 100,000 shares registered have been received from the holders of outstanding common stock. The company is offering to the holders of the balance of the common stock rights to subscribe to new common at a price to be filed by amendment at the rate of 13½ shares for each 100 shares held. The underwriters have purchased and are offering the common stock to which waivers have been received, and will also purchase any shares not subscribed for by stockholders.

Underwriters — Kidder, Peabody & Co., heads the list of underwriters, with names of others to be filed by amendment.

SATURDAY, MAY 5

RUSS BUILDING CO. April 16 filed a registration statement for $2,000,000 4¼% 20-year sinking fund debentures due 1965.

Details—See issue of April 26.

Offering—Price to the public will be filed by amendment.

Underwriters — Blyth & Co., Inc., is named principal underwriter, with others to be named by amendment.

SUNDAY, MAY 6

FRED B. PROPHET CO. April 17 filed a registration statement for 100,000 shares of common stock (par $1). Shares are issued and outstanding and are being sold by Fred B. Prophet, President, Treasurer and Director.

Details—See issue of April 26.

Offering—Of the shares registered the underwriters have purchased 86,500 which will be offered to the public at $6.25 a share. The remaining 13,500 shares will be offered by Mr. Prophet to officers, directors and employees of the corporation at $5.25 a share. Any of the 13,500 shares not purchased by such officers, etc., will be purchased and offered to the public by the underwriters at $6.25 a share.

Underwriters—Smith, Hague & Co., Detroit, and Straus & Blosser, Chicago, are named principal underwriters.

THERMOID CO. April 17 filed a registration statement for $3,000,000 first mortgage bonds due April 15, 1960, and convertible preferred stock, $2.50 cumulative, par $50. The interest rate on the bonds and the number of shares of preferred will be filed by amendment.

Details—See issue of April 26.

Underwriters—Blyth & Co., Inc. and Estabrook & Co. are the principal underwriters for the bonds. The names of others will be filed by amendment. The name of the stock underwriter will be filed by amendment.

MONDAY, MAY 7

JOSEPH E. SEAGRAM & SONS, INC. AND DISTILLERS CORP. - SEAGRAMS, LTD. on April 18 filed a registration for $50,000,000 20-year debentures due May 1, 1965. The bonds are to be guaranteed unconditionally by Distillers Corp.-Seagrams, Ltd. Interest rate will be filed by amendment.

Details—See issue of April 26.

Underwriters—Harriman Ripley & Co., Inc. head the list of underwriters, with names of others to be filed by amendment.

SOUTHWESTERN ELECTRIC SERVICE CO. April 18 filed a registration statement for $2,375,000 first mortgage bonds, 3⅜% series due 1975; 8,500 shares 4¾% cumulative preferred stock (par $100) and 128,935 shares of common (par $1).

Details—See issue of April 26.

Offering — Holders of the outstanding common stock of Southwestern Public Service Co. will be given the right to subscribe to the 128,935 shares of common at the rate of one share of common of Southwestern Electric for each five shares of common of Southwestern Public Service. The subscription price will be filed by amendment. The public offering price of any unsubscribed common and of the bonds and preferred stock will be filed by amendment.

Underwriters—To be filed by amendment.

TUESDAY, MAY 8

TEXTRON INC. on April 19 filed a registration statement for $5,000,000 15-year 4½% convertible debentures due April 1, 1960.

Details—See issue of April 26.

Offering—Price to the public will be filed by amendment.

Proceeds—Approximately $1,930,075 will be used to redeem at 102½ $1,883,000 15 year 5% convertible debentures; $500,000 to purchase from American Associates, Inc., [illegible]00,000 of debentures of Newmarket Manufacturing Co.; to repay American Associates the unpaid balance of a loan and to reduce an outstanding bank loan.

Underwriting—Principal underwriters are [illegible]ir & Co., Inc., New York, and Maxwell, Marshall & Co., Los Angeles.

POTOMAC EDISON CO. on April 19 filed registration statement for 63,784 shares of preferred stock (par $100). The dividend rate will be filed by amendment.

Details—See issue of April 26.

Offering—The company will offer the 63,784 shares of preferred stock in exchange for the 29,182 shares of 7% and 34,602 shares of 6% preferred stock now outstanding on a share for share basis with a dividend adjustment in each case and $5 in cash for each share of 7% preferred stock exchanged.

Underwriters—The company will retain a dealer-manager to aid it in obtaining acceptances of the exchange offer.

LAISTER-KAUFFMAN AIRCRAFT CORP. on April 19 filed a registration statement for 17,702 shares first preferred stock, 6% cumulative (par $25), 262,314 shares class A common (par $1), 250,000 shares class B common (par 5 cents) and 260,136 shares class C common (par 5 cents).

Details—See issue of April 26.

Underwriters—John R. Kauffman Co. is named principal underwriter.

CITY STORES CO. on April 19 filed a registration statement for 125,000 shares of common stock (par $5). Shares are issued and outstanding and are being offered by Bankers Securities Corp., parent.

Details—See issue of April 26.

Offering—The price to the public will be filed by amendment.

Underwriters—Lehman Brothers is named principal underwriter.

WEDNESDAY, MAY 9

THOMPSON PRODUCTS, INC. on April 20 filed a registration statement for 60,000 shares of 4% cumulative preferred stock (par $100).

Details—See issue of April 26.

Offering — Company is offering 45,000 shares of new preferred to holders of its 45,000 shares of 5% preferred in exchange on a share for share basis plus a cash adjustment being the difference between the offering price of the new preferred and the present $107 redemption price of the 5% preferred. The unexchanged shares and the 15,000 remaining shares will be offered by underwriters at a price to be filed by amendment.

Underwriters—Principal underwriters are Smith, Barney & Co., and McDonald & Co.

PRINCESS SHOPS, INC. on April 20 filed a registration statement for 25,000 shares of 60 cent cumulative dividend preferred stock (par $5) and 25,000 shares of common stock (par 50 cents).

Details—See issue of April 26.

Offering—The stock is being offered in units consisting of one share of preferred and one share of common at $10 per unit.

Underwriters — First Colony Corp. and Childs, Jeffries & Thorndike, Inc. head the underwriters, with the names of others to be filed by amendment.

HUSSMAN-LIGONIER CO. on April 20 filed a registration statement for 30,000 shares $2.25 cumulative preferred stock (no par) with accompanying common stock purchase warrants.

Details—See issue of April 26.

Offering—Company is offering to holders of its common stock right to subscribe to one share of the new $2.25 preferred for each 5.7 shares of common held at a price to be filed by amendment.

Underwriters—W. E. Hutton & Co. is named principal underwriter.

SAN JOSE WATER WORKS on April 20 filed a registration statement for 79,739 shares of common stock (par $25). The shares are issued and outstanding and were purchased by the underwriters from General Water Gas & Electric Co.

Details—See issue of April 26.

Offering—The price to the public will be filed by amendment.

Underwriters — Union Securities Corp., Harriman Ripley & Co., Inc., W. C. Langley & Co., Hornblower & Weeks and Kuhn, Loeb & Co., who purchased the shares.

CALIFORNIA WATER SERVICE CO. on April 20 filed a registration statement for 116,568 shares of common stock (par $25). The shares are issued and outstanding and were purchased by the underwriters from General Water Gas & Electric Co.

Details—See issue of April 26.

Offering—The price to the public will be filed by amendment.

Underwriters — Union Securities Corp., Harriman Ripley & Co., Inc., W. C. Langley & Co., Hornblower & Weeks and Kuhn, Loeb & Co., who purchased the shares.

THURSDAY, MAY 10

HINDE & DAUCH PAPER CO. on April 21 filed a registration statement for 35,900 shares of $4 cumulative convertible preferred stock (par $100) and 119,666⅔ shares of common (par $10). The latter are being registered in event of the conversion of the preferred stock.

Details—See issue of April 26.

Offering—Company is offering to holders of its 35,900 shares of $5 cumulative convertible preferred right to exchange such shares, on a share for share basis, subject to certain dividend adjustments. Any unsubscribed shares will be purchased by underwriters and offered to public at a price to be filed by amendment.

Underwriters—Glore, Forgan & Co. and Maynard H. Murch & Co. are principal underwriters.

SOLAR AIRCRAFT CO. has filed a registration statement for 100,000 shares of 90 cent cumulative convertible preferred stock (par $15).

Address — 2200 Pacific Highway, San Diego, Cal.

Business—Manufacture of parts for airplanes, etc.

Offering—The price to the public is $16.625 a share.

Proceeds—The net proceeds initially will be added to working capital. The underwriting agreement provides that the company shall call for redemption all the outstanding series A preferred stock of which 18,451 shares were outstanding at the close of business March 30, 1945. The redemption price is $8 per share plus accrued dividends to the date fixed for redemption which is contemplated to be July 15, 1945. The statement said the company does not expect to be required to pay such redemption price for any substantial number of the shares of series A preferred because of the likelihood that, upon a call for redemption, practically all of the stock will be converted into common stock.

Underwriters—Reynolds & Co. is principal underwriter, with names of others to be filed by amendment. The company also is selling to the underwriters warrants entitling the holders to purchase at any time within three years of the effective date of the registration statement 25,000 shares of common stock at a price to be filed by amendment.

Registration Statement No. 2-5715. Form S-1. (4-21-45).

EKCO PRODUCTS CO. on April 21 filed a registration statement for 29,664 shares of cumulative preferred stock, 4½% series (par $100), and 240,000 shares of common (par $5). Shares are issued and outstanding and are being sold by certain stockholders.

Details—See issue of April 26.

Offering—Prices to the public will be filed by amendment.

Underwriters — Union Securities Co. is named principal underwriter.

COVENTRY GOLD MINES, LTD. on April 21 filed a registration statement for 333,333 shares of common stock.

Details—See issue of April 26.

Offering—Price to the public is 30 cents per share.

Underwriters—None named. The company proposes to market its own securities.

TEXAS POWER & LIGHT CO. on April 21 filed a registration statement for $31,500,000 first mortgage bonds due 1975. Interest rate will be filed by amendment.

Details—See issue of April 26.

Offering—Bonds will be offered for sale at competitive bidding with the successful bidder naming the interest rate. The price to the public will be filed by amendment.

Underwriters—To be filed by amendment.

SATURDAY, MAY 12

A. HARRIS & CO. on April 23 filed a registration statement for 7,000 shares of 5½% cumulative preferred stock (par $100).

Details—See issue of April 26.

Offering—The new preferred will be offered initially to the common stockholders at $100 per share on the basis of one share of preferred for each share of common. Any shares not subscribed will be offered pro rata to the former holders of the 7% preferred shares which shares have been called for redemption on May 1, 1945. Any balance will be offered to the public by the underwriter at $102.

Underwriters—Dallas Rupe & Son of Dallas, Texas.

ASSOCIATED TELEPHONE CO., LTD. has filed a registration statement for 280,312 shares 4½% cumulative preferred stock (par $20).

Address—Santa Monica, Cal.

Business—Operating telephone company.

Offering—First in exchange share for share for $1.25 cumulative preferred no par value on basis one share new preferred plus cash for one share of old. Unexchanged shares together with 42,312 shares will be sold to underwriters to be offered to the public at a price to be filed by amendment.

Purpose—To redeem $1.25 cumulative preferred stock.

Underwriters—Paine, Webber, Jackson & Curtis head the group of underwriters, with names of others to be filed by amendment.

Registration Statement No. 2-5719. Form S-1. (4-21-45). Originally filed in San Francisco.

SUNDAY, MAY 13

900 N. RUSH HOTEL CORP. has filed a registration statement for 10,216⅞ shares of common stock (no par) and $357,590.63 of first mortgage income bonds.

Address—900 North Rush Street, Chicago, Ill.

Business—Operation of hotel.

Purpose—The company was formed for the purpose of purchasing in fee simply and operating the business and property known as the Maryland Hotel, Chicago. The present title owner of the property is Metropolitan Trust Co., trustee under trust agreement identified as Trust No. 1155, dated Oct. 15, 1935, known as Hotel Maryland Liquidation Trust. The trust will terminate Oct. 15, 1945, and under the trust agrement the trustee is required to sell the trust property at public or private auction, as the trustee shall determine, after having given to the trust certificate holders 20 days' notice of the time and place of sale.

Registration Statement No. 2-5723. Form S-1. (4-24-45).

900 N. RUSH HOTEL CORP. Raymond L. Redheffer, Louis J. Borinstein and John A. Sargent, as trustees under a voting trust agreement dated as of March 15, 1945, have filed a registration statement for voting trust certificates relating to a maximum of 10,216⅞ shares of 900 N. Rush Hotel Corporation.

Address—Address of issuer Suite 315.11 South La Salle Street, Chicago.

Business—See above registration.

Purpose—See above registration.

Registration Statement No. 2-5724. Form E-1. (4-24-45).

MAJESTIC RADIO & TELEVISION CORP. has filed a registration statement for 69,965 shares of common stock, one cent par value. Of shares registered 66,965 are already issued and outstanding and being sold by certain stockholders and 3,000 shares will be issued by Majestic upon exercise of an option at $2 per share.

Address—2600 West 50th Street, Chicago, Ill.

Business—Pre-war business assembly and sale of radio receiving sets, etc.

Offering—Price to the public will be filed by amendment.

Proceeds — Company will apply $6,000 proceeds to working capital. Other proceeds will be received by selling stockholders.

Underwriters—Kobbe, Gearhart & Co., Inc., is named principal underwriter.

Registration Statement No. 2-5725. Form S-1. (4-24-45).

MONDAY, MAY 14

AMERICAN BOX BOARD CO. has filed a registration statement for $1,750,000 20-year 4½% convertible debentures and 109,375 shares of common stock, par $1. The shares of stock were registered to provide for the conversion feature of the debentures.

Address—470 Market Street, S. W., Grand Rapids, Mich.

Business—Folding paper boxes, etc.

Offering—A total of $220,000 of the debentures are reserved for sale by the company to its profit sharing incentive retirement trust; $177,000 are to be offered to officers and employes in exchange for outstanding securities of the company or for sale to them and $1,103,000 together with any balance of the $177,000 not taken by officers and employes are to be sold to underwriters for offering to the public at a price to be filed by amendment. The remaining $250,000 are reserved.

Proceeds—Of the proceeds $744,230 will be used to redeem on Aug. 1, 1945, outstanding 7% convertible debentures and 7% registered notes. Balance of proceeds, with other funds of the company, will be utilized for improvements and additions to the company's plants at Grand Rapids and Chicago.

Underwriters—Paine, Webber, Jackson & Curtis and Paul H. Davis & Co. head the group of underwriters.

Registration Statement No. 2-5726. Form A-2. (4-25-45).

GODCHAUX SUGARS, INC. has filed a registration statement for 29,370 shares of $4.50 prior preferred stock, cumulative (no par).

Address—Carondelet Building, New Orleans, La.

Business—Engaged in all phases of the sugar and sugar-cane industry.

Offering—Company is offering to the holders of the 26,700 shares of its $7 preferred stock now outstanding the right to exchange such shares for 29,370 of its $4.50 prior preferred upon the basis of 1 1/10 shares of prior preferred for each share of $7 preferred plus a cash adjustment with respect to dividends. The company intends to redeem at $110 per share and accrued dividends all $7 shares not exchanged under the plan. The underwriters will purchase any new shares not issued in exchange and offer them at a price to be filed by amendment.

Purpose—To effect exchange of outstanding preferred.

Underwriters — Hallgarten & Co., and Harris, Hall & Co., Inc., head the group of underwriters.

Registration Statement No. 2-5727. Form S-1. (4-25-45).

TUESDAY, MAY 15

MAY DEPARTMENT STORES CO. has filed a registration statement for 80,000 shares of common stock (par $5). The shares are issued and outstanding and are being sold by five trusts.

Address—Sixth & Olive Street, St. Louis, Mo.

Business — Operates seven department stores in St. Louis, Cleveland, downtown Los Angeles, Akron, Baltimore, Denver and suburban Los Angeles.

Offering—The price to the public will be filed by amendment.

Proceeds—Go to the selling stockholders.

Underwriters—Goldman, Sachs & Co., and Lehman Brothers head the underwriting group.

Registration Statement No. 2-5728. Form A-2. (4-26-45).

DEERE & CO. has filed a registration statement for $19,500,000 20-year 2¾% debentures, due April 1, 1965.

Address—Moline, Ill.

Business—Agricultural implements and wheel-type farm tractors

Offering—The price to the public will be filed by amendment.

Proceeds—The net proceeds from sale of the debentures, together with the proceeds from sale of $10,500,000 serial notes, are to be used as the future developments of the business may require.

Underwriters—Principal underwriters are Harriman Ripley & Co., Inc., Blyth & Co., Inc., First Boston Corp., Lazard Freres & Co., Mellon Securities Corp., Smith, Barney & Co., Merrill Lynch, Pierce, Fenner & Beane, Shields & Co., Union Securities Corp., Harris, Hall & Co., Inc. and Bacon, Whipple & Co.

Registration Statement No. 2-5729. Form A-2. (4-26-45).

WEDNESDAY, MAY 16

CLYDE PORCELAIN STEEL CORP. filed a registration statement for $500,000 first mortgage 15-year 5½% sinking fund convertible bonds and 100,000 shares of common stock reserved for conversion of the bonds.

Address—Clyde, Ohio.

Business—Porcelain finished food compartments for refrigerators, etc.

Offering—Price to the public is 100.

Proceeds—For additions, equipment and working capital.

Underwriters—Kobbe, Gearhart & Co., Inc., and Newburger & Hano are principal underwriters.

Registration Statement No. 2-5730. Form S-1. (4-27-45).

REVERE COPPER & BRASS, INC. has filed a registration statement for 150,000 shares of common stock (no par). The shares are issued and outstanding and are owned by General Cable Corp.

Address—230 Park Avenue, New York City.

Business—Manufactures a varied line of copper, brass, bronze and alloy products, etc.

Offering—The price to the public will be filed by amendment.

Proceeds—The proceeds will go to General Cable Corp. which will add them to its cash resources. General Cable Corp. as of Feb. 1, 1945, owned of record 276,194 shares or 21.46% of the issued and outstanding common stock of Revere, constituting approximately 20% of the total stock of the company having voting power. Upon the sale of the 150,000 shares of common, the holdings of General Cable will be reduced to 9.80% of the common stock and 9.16% of the total stock of Revere having voting power.

Underwriters—Blyth & Co., Inc. is the principal underwriter.

Registration Statement No. 2-5731. Form A-2. (4-27-45).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AIRCRAFT RADIO CORP. on March 31 filed a registration statement for 100,000 shares of common stock, par $1. All of the shares are issued and outstanding and are being sold for the account of certain stockholders.

Details—See issue of April 5.

Offering—Price to the public will be filed by amendment.

Underwriters—F. Eberstadt & Co. is principal underwriter.

AMERICAN ENGINEERING CO. on Feb. 27 filed a registration statement for $3,000,000 5% 15-year sinking fund debentures and 200,000 shares of common stock. Of the stock registered 132,000 shares are issued and outstanding and being sold by stockholders.

Details—See issue of March 8.

Offering—The debentures will be offered at 100 and the common stock at $8.50 per share

Underwriters—Van Alstyne, Noel & Co. heads the underwriting group, with the names of others to be supplied by amendment.

A P. W. PRODUCTS CO., INC. on Jan. 27 filed a registration statement for $2,000,000 20-year 5% first mortgage sinking fund bonds and 40,000 shares of capital stock (par $5).

Details—See issue of Feb. 1, 1945.

Offering—Holders of outstanding $2,000,000 20-year 6% first mortgage sinking fund bonds due 1948 are given the privilege of tendering their bonds for redemption as of April 1, 1945 at 102½ and interest, or, in the alternative, to assent to an extension of the maturity date to April 1, 1965 and the reduction of interest to 5% per annum and to receive in consideration for such extension $25, the amount equivalent to the 2½% redemption premium, and in addition 20 shares of the company's ($5 par) common stock. The extension offer will expire at noon Feb. 26, 1945. Bonds not tendered for extension will be redeemed at 102½ and accrued interest to April 1, 1945. After the expiration of the extension offer, an amount equal to the unextended 6% bonds are to be offered to the public by the underwriters at the initial offering price of $1,000 "per unit" consisting of $1,000 20-year 5% first mortgage sinking fund bond and 20 shares of common stock.

Underwriters — Allen & Co., Bond & Goodwin, Inc., E. W. Clucas & Co., R. H. Johnson & Co., Schoellkopf, Hutton & Pomeroy, Inc., Buckley Brothers, George R. Cooley & Co., Inc., Brailsford & Co., and Ferris, Exnicios & Co., Inc.

ARKANSAS-MISSOURI POWER CORP. on Dec. 4 filed a registration statement for $2,000,000 first mortgage bonds, series A, 3⅛%, due Dec. 1, 1974.

Details—See issue of Dec. 7, 1944.

Offering—The bonds will be offered for sale at competitive bidding.

ARMSTRONG RUBBER CO. April 9 filed a registration statement for 50,000 shares of 4¾% cumulative convertible stock ($50 par) and 50,000 shares of class A common stock (no par).

Details—See issue of April 19.

Offering—The price to the public will be filed by amendment.

Underwriters—F. Eberstadt & Co., is named principal underwriter.

ASHLAND OIL & REFINING CO. on April 5 filed a registration statement for 40,000 shares of 4¼% cumulative convertible preferred stock (par $100).

Details—See issue of April 12.

Offering—Company is offering to holders of its common stock rights to subscribe for the new preferred at rate of one share of preferred for each 24.1 shares of common held. The company also offers, subject to the subscription rights granted to the holders of the common, to holders of presently outstanding 5% cumulative preferred the opportunity to exchange their shares for the new preferred on a share for share basis plus a cash payment. Unsubscribed and unexchanged shares will be sold to underwriters to be offered to the public. Subscription price is $101.50 per share.

Underwriters—A. G Becker & Co., Inc., Chicago, is named principal underwriter.

ATLANTIC CO. on March 23 filed a registration statement for $10,600,000 5% sinking fund debentures, due April 1, 1980, and 274,868 shares of common stock (no par).

Details—See issue of March 29.

Offering—Under reorganization and recapitalization plan company is offering to the holders of outstanding 6% cumulative preferred stock the privilege of exchanging their shares on the basis of $100 par value of stock for $100 par value of 5% debentures and one share of common stock; to holders of 7½% cumulative preferred stock the privilege of exchanging their shares on basis of $100 par value of preferred stock for $100 of debentures and 5 shares of common and to holders of outstanding 6% Class A preference stock the privilege of exchanging their shares on the basis of $50 par value of stock for $50 par value of 5% debentures and two shares of common stock.

The holders of the 6% preferred and 6% Class A stock offering their stock for exchange shall receive dividends on April 1, 1945, at the same rate of dividends paid on the stock on Jan. 1, 1945, but shall receive no dividends thereafter, the debentures bearing interest from such date.

Any debentures not issued in exchange for stock shall then be offered to holders of presently outstanding first mortgage 5% sinking fund bonds on the basis of $100 par of debentures plus an amount not exceeding $3 in cash for each $100 par value of bonds exchanged. The 5% sinking fund bonds are callable at 103. All of the outstanding 5% sinking fund bonds not exchanged for debentures and all of the first mortgage 3% serial bonds shall be called for redemption.

The company contemplated that about June 1, 1945, it will issue not exceeding $3,400,000 3% notes and use the proceeds either for the purpose of calling all 3% serial bonds and the outstanding unexchanged 5% sinking fund bonds or to reimburse the company for funds previously used for that purpose. Any debentures not taken in exchange for stocks or bonds may be sold by the company at not less than par plus accrued interest.

Underwriter—Courts & Co., Atlanta, is named as underwriter.

AUTOMOBILE DEALERS INSURORS INC. on Feb. 19 filed a registration statement for 4,985 shares of preferred stock and 7,470 shares of Class A common stock

Details—See issue of Feb. 22.

Offering—Preferred and Class A common stock will be offered only to factory authorized automobile dealers and automobile finance men in blocks of one share of preferred and two shares of Class A common for $101 per unit.

Underwriters—None named.

BALTIMORE PORCELAIN STEEL CORP. April 13 filed a registration statement for 100,000 shares of $5 cumulative convertible preferred stock (par $5) and 100,000 shares of common (par 10 cents).

Details—See issue of April 19.

Offering—The price to the public is $5 per unit consisting of one share of preferred and one share of common stock.

Underwriters—Kobbe, Gearhart & Co., Inc., and Newburger & Hano are principal underwriters.

BENDIX HELICOPTER, INC. on Feb. 2 filed a registration statement for 1,400,000 shares of capital stock, par value 50 cents

Details—See issue of Feb. 8, 1945.

Offering—Of shares registered 1,000,000 are to be offered presently proportionately to holders of outstanding stock on basis of four additional shares for each five shares held at $1.60 per share; 200,000 shares are reserved to be issued when, as and if certain outstanding options are exercised, and 200,000 additional shares are reserved to be issued when, as and if certain stock option warrants to be issued by the corporation to the underwriters are exercised. Such shares of stock as are not subscribed for by the stockholders will be offered to the public by the underwriters at $2 per share.

Underwriters—Kobbe, Gearhart & Co. Inc., and Bond & Goodwin, Inc., are named principal underwriters.

BLUEFIELD SUPPLY CO on Feb. 16 filed a registration statement for 4,990 shares of common stock, par $100.

Details—See issue of Feb. 22.

Offering—The offering price $100 per share. New common is being offered to present stockholders on a pro rata basis of their holdings as of March 15, 1945.

Underwriters—None named.

CALIFORNIA WATER & TELEPHONE CO. on March 27 filed a registration statement for 107,000 shares of $1.20 cumulative preferred (par $25) and 9,672 shares common ($25 par).

Details—See issue of April 5.

Offering—New preferred will be offered for exchange to holders of 100,000 shares of 6% cumulative ($25 par) preferred on share for share basis. Unexchanged shares and the 7,000 additional shares of preferred and 9,672 shares of common will be offered through underwriters to public, the preferred at $27.50 per share and the common at $36 per share.

Underwriters — Blyth & Co., Inc., is named principal underwriter.

CAROLINA POWER & LIGHT CO. on March 16 filed a registration statement for 156,158 shares of $5 preferred stock (no par).

Details—See issue of March 22.

Offering — The 156,158 shares of $5 preferred stock are to be offered, share for share in exchange for not more than 90% of the 93,553 shares of $7 preferred and 79,955 shares of $6 preferred now outstanding. All presently outstanding $7 and $6 preferred will be retired either by exchange or by redemption at $110 per share plus dividends to date of redemption. Company proposes to make a cash adjustment which, together with dividends receivable on the $5 preferred stock, will give each stockholder who exercises the exchange privilege a dividend at rate of $7 per share per annum or $6 per share per annum, respectively, up to respectively up to the redemption date of these stocks.

Kirchofer & Arnold and R. S. Dickson & Co., Inc. are dealer managers.

CENTRAL OHIO LIGHT & POWER CO. on Dec. 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

Details—See issue of Jan. 4, 1945.

Offering—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

CONSOLIDATED RETAIL STORES, INC. on April 6 filed a registration statement for 30,000 shares of $2.75 cumulative preferred stock (no par).

Details—See issue of April 12.

Offering—The company is giving to the holders of its outstanding 3% cumulative preferred stock, par $100, the right to exchange such stock for $2.75 cumulative preferred on the basis of 2.30 shares of $2.75 cumulative preferred, plus certain cash payment by the company, for each share of 8% preferred. Unsubscribed shares will be purchased by underwriters and offered to the public at $50 per share.

Underwriting—Central Republic Co., Inc.; Peltason, Tenenbaum Co.; Scherck, Richter & Co.; Stix & Co.; G. H. Walker & Co.; I. M. Simon & Co., and Stein Bros. & Boyce.

DIANA STORES CORP. on Feb. 5 filed a registration statement for 40,000 common stock purchase warrants and 40,000 shares of common stock par value $1 per share, issuable pursuant to these warrants

Details—See issue of Feb. 15, 1945.

Offering—40,000 shares of common stock are issued and outstanding and are not offered for account of company. Company is offering 40,000 shares of common issuable upon the exercise of the stock purchase warrants and the payment of $7 per share.

Underwriters—Not named.

ELECTROMASTER, INC. on March 29 filed a registration statement for 107,923 shares of common stock, par $1. All of the stock is issued and outstanding and is owned by Nash-Kelvinator Corp. (being 55.17% of total outstanding stock).

Details—See issue of April 5.

Offering—Offering price to the public is $8 per share.

Underwriters—S. R. Livingstone & Co., and Mercier, McDowell & Dolphyn, both of Detroit.

EXPRESO AEREO INTER-AMERICANO, S. A., on March 30 filed a registration statement for 300,000 shares of common stock.

Details—See issue of April 5.

Offering—Price to public is $3 per share.

Underwriters—Van Alstyne, Noel & Co. is named principal underwriter.

FAIRCHILD ENGINE AND AIRPLANE CORP. April 11 filed a registration statement for 90,000 shares of $2.50 cumulative preferred stock (no par). The shares are convertible at the option of the holder prior to May 1, 1955 into common stock at a price to be filed by amendment.

Details—See issue of April 19.

Offering—The price to the public will be filed by amendment.

Underwriters—Smith, Barney & Co. head the underwriters, with the names of others to be filed by amendment.

GENERAL WATERWORKS CORP. on March 31 filed a registration statement for 10,000 shares of 5% preferred stock, cumulative (par $100).

Details—See issue of April 5.

Offering—Price to the public is $100 per share.

Underwriters — Butcher & Sherrerd, Phila., Robert Hawkins & Co., Boston, and Southern Securities Corp., Little Rock, Ark.

GEORGIA POWER & LIGHT CO. on March 30 filed a registration statement for $2,500,000 first mortgage bonds series due 1975.

Details—See issue of April 5.

Offering—Offering price to the public will be filed by amendment.

Underwriters—The bonds are to be sold under the Commission's competitive bidding rule and names of underwriters will be filed by amendment.

Bids Asked—Bids for the purchase of the bonds will be received at Room 2401, 61 Broadway, N. Y. City up to 12 noon EWT on May 7 the interest rate to be specified in the bid.

GIBSON REFRIGERATOR CO. April 11 filed a registration statement for 247,140 shares of common stock (par $1). The shares are issued and outstanding and are being offered on behalf of certain stockholders.

Details—See issue of April 19.

Offering—Price to the public is $11.75 per share.

Underwriters—Paul H. Davis & Co., and Shillinglaw, Bolger & Co., Inc. of Chicago, are named principal underwriters.

GRAHAM-PAIGE MOTORS CORP. April 10 filed a registration statement for 200,000 shares of 5% convertible preferred stock cumulative (par $25).

Details—See issue of April 19.

Offering—Price to the public will be filed by amendment.

Underwriters—Allen & Co., New York.

THE HUB, HENRY C. LYTTON & CO. on March 15 filed a registration statement for 130,000 shares of common stock (par $1). Of the total 30,000 shares are being offered by certain stockholders.

Details—See issue of March 22.

Underwriters—The principal underwriter is Allen & Co., with names of others to be filed by amendment.

Offered April 26 at $7.75 a share.

KOBACKER STORES, INC. on April 6 filed a registration statement for 55,781 cumulative preferred shares and 175,000 common shares. Of the stock registered 175,000 common and 15,781 shares of the preferred are issued and outstanding and are being sold for the account of certain stockholders. Statement also covers 80,000 common shares issuable upon exercise of warrants.

Details—See issue of April 12.

Offering—The offering price to the public is $25 per share for the preferred and $9 per share for the common.

Underwriters—Van Alstyne, Noel & Co., is named principal underwriter, with names of others to be filed by amendment.

LAKE SUPERIOR DISTRICT POWER CO. on March 31 filed a registration statement for 133,500 shares of common stock, par $20. The stock is issued and outstanding and is owned by North West Utilities

Details—See issue of April 5.

Issue Awarded April 30 to Blyth & Co., Inc. and associates on bid of $21.16 per share.

LASALLE YELLOWKNIFE GOLD MINES, LTD., on March 30 filed a registration statement for 314,512 shares, par value $1.

Details—See issue of April 5.

Offering — Of total registered 200,000 shares consist of a new series of shares and will be sold at $1 per share. There is also included in the registration 114,512 shares which were sold to United States residents prior to registration, and concerning which an offer of recision is to be made.

Underwriters — Company proposes to market its own securities.

LEAR, INC., on March 29 filed a registration statement for 450,000 common shares 50 cents par value. Of the total 50,000 shares are being sold by the trust created by William P. Lear for his children.

Details—See issue of April 5.

Offering—Stock will be sold to the public at $5 per share.

Underwriters—Kobbe, Gearhart & Co.

LOS ANGELES TRANSIT LINES on March 30 filed a registration statement for 429,200 shares of common stock (par $10). All of the shares are outstanding and are being optioned to underwriters by American City Lines, Inc.

Details—See issue of April 5.

Underwriters—Blyth & Co., Inc.; Bateman, Eichler & Co.; Alex. Brown & Sons; Hill, Richards & Co.; W. C. Langley & Co.; Lazard Freres & Co.; Laurence M. Marks & Co.; Mason Bros.; Pacific Co. of California; Reynolds & Co.; Shuman, Agnew & Co.; William R. Staats Co.; Stein Bros. & Boyce; Wertheim & Co., and Dean Witter & Co.

Offered April 27 at $6.50 a share.

MILLER-WOHL CO., INC., on March 31 filed a registration statement for 30,000 shares 5% cumulative convertible preferred stock (par $50) and 50,000 shares of common (par $1). Of the stock registered 15,000 shares of preferred and 50,000 shares of common are issued and outstanding and are being sold by four stockholders.

Details—See issue of April 5.

Underwriters—The principal underwriter is Allen & Co.

Offered April 30 the preferred stock at $50 per share and the common at $13.50 per share.

MOBILE GAS SERVICE CORP. April 12 filed a registration statement for 100,000 shares of common stock (no par). The shares are issued and outstanding and owned by Consolidated Electric & Gas Co.

Details—See issue of April 19.

Offering—Offering price to the public will be filed by amendment.

Underwriters—The shares are to be offered for sale at competitive bidding by Consolidated. Names of the underwriters will be filed by amendment.

MORRISON-KNUDSEN CO., INC., April 12 filed a registration statement for 4,000 shares series M 5% and 3,000 shares series N 6% cumulative preferred stocks both $100 par value; $100,000 series G 3% and $100,000 series Q 3% certificates.

Details—See issue of April 19.

Offering—The preferred stock will be sold at par. The certificates also will be sold at par.

Underwriters — Wegener & Daly, Inc., Idaho, is underwriter for the preferred stock. The certificates will be sold through officers and employees of the company.

MUTER CO. on March 30 filed a registration statement for 133,000 shares of common stock, par $1. Of total 108,000 shares are being offered to the public, of which 18,000 shares are by company and 90,000 shares by a stockholder. The statement also covers 25,000 shares upon exercise of stock purchase warrants entitling holder to purchase common stock within two years of offering date at $7.50 per share.

Details—See issue of April 5.

Offering—Public offering price of the 108,000 shares is $5 per share.

Underwriters—Hicks & Price, Chicago is named principal underwriter.

NEWCOR MINING & REFINING, LTD., on March 10 filed a registration statement for 500,000 shares of common stock without par value.

Details—See issue of March 15.

Offering—Price to the public is $1 per share.

Underwriters — Tellier & Co. is named principal underwriter.

NEW YORK POWER & LIGHT CORP. on April 7 filed a registration statement for 240,000 shares of cumulative preferred stock (par $100). The stock will be offered for sale at competitive bidding, with the successful bidder naming the dividend rate.

Details—See issue of April 12.

Offering—The price to the public will be filed by amendment.

Underwriting—The names of the underwriters will be filed by amendment.

Bids Asked—Bids for the purchase of the bonds will be received by the corporation at Room 1826, 15 Broad St., New York up to 12 noon EWT on May 8, the dividend rate to be specified in the bid.

NU-ENAMEL CORP. on March 30 filed a registration statement for 50,000 shares 60-cent cumulative dividend convertible preferred stock, par $5.

Details—See issue of April 5.

Offering—Company is initially offering new preferred to holders of its common stock for subscription at $10 per share on basis of one share of preferred for each 6½ shares of common. Unsubscribed shares will be offered to public by underwriter at $10 per share.

Underwriters—Floyd D. Cerf Co. of Chicago, is named principal underwriter.

OLD STAR DISTILLING CORP. on Aug. 14, 1944 filed a registration statement for 5,000 shares of $100 preferred stock, non-cumulative and non-participating. Price to public will be $110 per share.

Details—See issue of Aug. 24, 1944.

Underwriters—No underwriter named.

Withdrawal — Request for withdrawal filed March 30.

H. K. PORTER CO., INC., on March 31 filed a registration statement for 50,000 shares of cumulative preferred stock, 5% series, $50 par, with non-detachable common stock purchase warrants attached, and 45,000 shares of common ($5 par). The 45,000 shares of common are issued and outstanding and are being sold by T. M. Evans, President.

Details—See issue of April 5.

Underwriters—Blair & Co., Inc., is named principal underwriter, with names of others to be filed by amendment.

Offered May 1, the preferred at $50 per share and the common at $9.50 per share.

RALSTON PURINA CO. on April 4 filed a registration statement for 100,000 shares of preferred stock, series A (par $100). Dividend rate will be filed by amendment.

Details—See issue of April 12.

Offering—Price to the public will be filed by amendment.

Underwriting—Kidder, Peabody & Co. and Goldman, Sachs & Co. are named principal underwriters.

REEVES-ELY LABORATORIES, INC., (formerly Reeves Sound Laboratories, Inc.) on March 23 filed a registration statement for 550,000 shares of 30-cent cumulative convertible preference stock ($4 par).

Details—See issue of March 29.

Offering—The offering price to the public will be filed by amendment.

Underwriters—H. M. Byllesby & Co., heads the underwriting group, with names of others to be supplied by amendment.

ST. JOSEPH LIGHT & POWER CO. on Feb. 28 filed a registration statement for 13,056 shares of Class A 5% cumulative preferred stock, par $100.

Details—See issue of March 8.

Offering—The company is offering 13,056 shares of its Class A 5% preferred shares in conversion share for share of the outstanding 5% cumulative preferred shares held by others than Cities Service Power & Light Co.

Underwriters—The company has retained Estabrook & Co., G. H. Walker & Co. and Prescott, Wright, Snider Co. as exchange agents to secure and procure consents of preferred shareholders to the conversion.

The company also proposes to refund the $4,806,000 first mortgage bonds, 4½% series due 1947 and to reduce the aggregate principal amount of its indebtedness to $3,750,000 by redeeming the outstanding bonds and issuing $3,750,000 of new bonds. The bonds will be sold at competitive bidding.

SOUTHWESTERN INVESTMENT CO. on March 12 filed a registration statement for 12,500 shares preferred stock, convertible, no par, non-participating with cumulative dividend rights of $1 per share per annum, and 60,000 shares of common, no par. Of the latter 20,000 shares is to be reserved to meet conversion requirements of the preferred.

Details—See issue of March 15.

Offering—Holders of the $1.20 preferred stock have been given the option to exchange their stock on a share for share basis for the $1 preferred stock. Any of the $1 preferred not issued in exchange will be offered to the public at $20 per share. Corporation also is offering 11,822 authorized but unissued shares of common at $12.50 per share.

Underwriters—None named.

TENNESSEE GAS & TRANSMISSION CO. April 13 filed a registration statement for $35,000,000 first mortgage pipe line bonds, 3% series due 1965 and 75,000 shares of 5% cumulative preferred stock, par $100.

Details—See issue of April 19.

Offering—Price to the public will be filed by amendment.

Underwriters—Dillon, Read & Co., Inc., Glore, Forgan & Co. and White, Weld & Co. are named principal underwriters, with names of others to be filed by amendment.

TEXAS ELECTRIC SERVICE CO. on March 2 filed a registration statement for $18,000,000 first mortgage bonds series due 1975 and 68,875 shares of preferred stock, par $100.

Details—See issue of March 8.

Offering—The company is offering to exchange the new preferred stock for outstanding $6 preferred stock on a share for share basis plus an amount in cash equal to the difference between $110 and the public offering price of the new preferred stock. The bonds and unexchanged shares will be sold at competitive bidding, with the price to the public to be filed by amendment.

Underwriters—The names will be filed by amendment.

Bonds Awarded May 1 to the First Boston Corp. and associates on bid of 100.441 for a 2¾% coupon.

TIDE WATER ASSOCIATED OIL CO. on April 6 filed a registration statement for 300,000 shares of $3.75 cumulative preferred stock.

Details—See issue of April 12.

Offering—Company is offering to the holders of its 500,000 shares of $4.50 cumulative convertible preferred stock the right to exchange such shares for the new preferred stock on a share for share basis, subject to allocation on a pro rata basis if necessary. Such shares as are not exchanged will be sold to underwriters for offering to the public.

Underwriters—Kuhn, Loeb & Co., and Lehman Brothers are principal underwriters with names of others to be filed by amendment.

UNITED STATES PLYWOOD CORP. April 12 filed a registration statement for 100,000 shares of common stock (par $1).

Details—See issue of April 19.

Offering—Price to the public will be filed by amendment.

Underwriters—Eastman, Dillon & Co., is principal underwriter, with names of others to be filed by amendment.

UNIVERSAL CAMERA CORP. on March 19 filed a registration statement for 663,500 shares Class A common stock, par value one cent a share, with Class A common stock purchase warrants. Of the total 530,500 are issued and outstanding and are being sold by certain stockholders.

Details—See issue of March 29.

Offering—The initial offering price is $5 per share. Of the 133,000 shares being offered for account of company, 20,000 are to be offered to employees at $4.25 per share. Shares not subscribed for by employees will be sold to public through underwriters along with the rest of the public offering. For every ten shares of common stock bought, purchasers, other than employees, will receive warrants to subscribe to one share of common stock, at $5 per share, on or before Dec. 31, 1948. Employees will receive such warrants for each five shares of common stock purchased.

Underwriters — Floyd D. Cerf Co. is named principal underwriter.

Hearings on stop order proceedings were scheduled before SEC on April 25.

UNIVIS LENS CO. on March 12 filed a registration statement for 42,702 common shares, (par 50 cents). Of the total 12,000 shares are being sold by the company and 30,502 shares are issued and being sold by stockholders.

Details—See issue of March 22.

Offering—The price to the public is $6.50 per share.

Underwriters — Allen & Co. is named principal underwriter.

Offered April 27 at $6.50 per share.

VIRGINIA ELECTRIC & POWER CO. on March 23 filed a registration statement for $59,000,000 first and refunding mortgage bonds Series E due March 1, 1975.

Bonds Awarded April 30 to Stone & Webster and Blodget, Inc., and associates on bid of 100.8229 for a 2¾% coupon.

Offered May 2 at 101½ and interest.

WALTHAM WATCH CO. on March 30 filed a registration statement for $3,881,040 convertible 5% income debentures subordinated) due May 1, 1975 and 244,000 shares common stock, class B (no par).

Details—See issue of April 5.

Offering—The securities are being offered to stockholders pursuant to a plan of recapitalization subject to plan being approved by stockholders. Holders of presently outstanding 32,342 shares of 6% preferred, par $100, would receive for their shares, with all accumulated dividends, $120 of debentures. Plan also provides that each share of class A stock will receive 10 shares of class B and that each share of present class B will be split two for one. Capitalization after consummation of the plan would consist of $3,881,040 of debentures, convertible into class B stock at $25 per share, and 327,737½ shares of class B common stock, which would be the sole equity stock.

Underwriters—Union Securities Corp. and A. C. Allyn & Co., Inc., are named principal underwriters, with others to be named by amendment.

WEBSTER-CHICAGO CORP. April 12 filed a registration statement for 106,400 shares of common stock (par $1). Of the total 45,000 shares are being sold by the company and 61,400 shares by certain stockholders.

Details—See issue of April 19.

Offering—The price to the public is $6.75 per share.

Underwriters—Principal underwriters are Brailsford & Co. and Shillinglaw, Bolger & Co., Inc., both of Chicago.

WELLS-GARDNER & CO. on March 30 filed a registration statement for 160,000 shares of common stock, par $1. The shares are issued and outstanding and are being sold for the account of seven stockholders.

Details—See issue of April 5.

Offering—Price to the public is $8.25 per share.

Underwriters—Paul H. Davis & Co. and Shillinglaw, Bolger & Co., Inc., both of Chicago, are named principal underwriters.

Offered April 30 at $8.25 per share.

WEST VIRGINIA WATER SERVICE CO. on March 5 filed a registration statement for 14,000 shares of $4.50 cumulative preferred stock and 100,000 shares of common. The preferred stock only represents a new issue.

Details—See issue of March 15.

Offering—Company will sell preferred stock to the underwriters who will offer same to holders of present $6 cumulative preferred at $104 per share. Any stock not subscribed by the stockholders will be offered to the public at $104 a share.

Offering price of common stock to the public will be $13.50 per share.

Underwriters—Allen & Co. and Shea & Co.

Offered April 26 the preferred at 104 per share and dividend and the common at $13.50 per share.

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"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The fear that future financing will consist principally of short-term obligations still dominates the Government bond market. . . . This has prompted the sale of Treasury bills, certificates and notes, with the reinvesting of the proceeds in bonds, particularly the taxable securities, which continue to make new all time highs. . . .

This trend resulted in the restricted 2¼% due 1956/59 advancing about ⅜ of a point last week, largely due to the buying of institutions, who believe that this bond will sell at higher levels in the not too distant future. . . .

It was pointed out that the present pattern of financing and the fact that commercial banks will be able to purchase this bond on Sept. 15, 1946, has created an entirely different demand for the restricted 2¼% due 1956/59. . . . The scarcity of offerings, as well as reported short covering, no doubt contributed somewhat to the recent price advance in this issue. . . . The largest gain in the intermediate maturities was in the 2s due 12/15/51/55, a small issue, with a limited floating supply. . . .

The 2s due June and December 1952/54 were in demand with the latter issue finally selling at higher levels than the June maturity. . . . It was reported that a substantial part of the demand for the December 2s was the result of switching out of the 2s due 1949/51 and the 2s due 1950/52. . . .

MARKET FAVORITES

The 2½s due 1956/58 and the 2½s due 1967/72 were the favorites among the longer term obligations, although it is reported that the volume of trading was not large. . . . Under the existing pattern of financing the 2½s due 1967/72 are still considered the best bond for commercial banks with time deposits and it is indicated that these institutions are continuing taking on this obligation as it comes into the market. . . .

The restricted 2½s moved ahead with the 62/67's and the 63/68's making the best showing. . .

PARTIAL EXEMPTS SOFT

The partially-exempt were somewhat lower during the week, with the irregularily caused by minor selling, due to the belief that the war in Europe would not last much longer. . . . These bonds rallied quite sharply last Thursday, following reports that the Treasury does not anticipate any changes in taxes, including excess profits taxes, until the end of the conflict with Japan. . . .

FINANCING POLICY IN LIMELIGHT

Considerable discussion still centers around the present financing policy of the Treasury, particularly with reference to the future stability of the government bond market. . . . It was pointed out that until the financing of the Seventh War Loan, a definite policy could be detected in the Treasury financing. . . . The ⅜% bills were intended for the banks, primarily the Reserve Banks, and as a result of the policy to peg the rate, these bills have become equivalent to excess reserves. . . . The ⅞% certificates were principaily for the large banks and corporations. . . .

The 2% bonds sold originally to everyone except the commercial banks, ultimately found their way into these institutions. . . .

The long 2½s were for the large institutional investors, notably the insurance companies, and savings banks and were restricted as to marketability. . . . The Series E, F & G bonds were designed for individuals. . . .

The system was on the whole, sound, the government bond market was orderly and considerable amounts of securities were sold to ultimate investors. . . .

MAIN CRITICISM

The principal criticism was that the 2% bonds eventually found their way into the commercial banks, and the Life Insurance Companies and Savings Banks were heavy traders of these bonds, for a profit. . . . Despite this the Treasury policy could be justified on the grounds that it created a cushion for the next War Loan Drive, as well as a favorable market for the new issue since the savings banks and insurance companies knew that these bonds would sell at a premium. . . .

It also prevented the outstanding issues from going too high in price, because the banks knew that considerable sales would take place when the new securities were offered. . . .

RESULTS

By means of this policy the Treasury was able to accomplish the following:

(a) To have each war loan overscribed
(b) To keep interest rates down
(c) To have an adequate maturity distribution
(d) To keep the Government bond market orderly

SCARCITY CREATED

The Treasury under the pattern of financing to be used in the Seventh War Loan drive, has created a great scarcity of intermediate and long term issues that can be bought by the commercial banks. . . . This has caused a sharp increase in the price of Government securities, especially the bonds. . . . As a result stability has been taken out and speculation put into the Government bond market, which has been driven up to levels which if not maintained, may have an adverse effect on future War Loan Drives. . . . All of which leads to the question as to how the new financing policy of the Treasury should be interpreted. . . .

The opinion is held in certain quarters, that either this policy is largely opportunistic, with temporary advantages, or the Treasury is preparing a method of financing that has heretofore not been used in the United States. . . .

POLICY SEEN FAULTY

If the former is the case, it is believed that the Treasury has not done as good a job as it might have, since it is indicated that this new policy could cause considerable disturbance in the Government bond market. . . . Also the desired aim of reducing the debt burden may not be achieved. . . .

On the other hand if the Treasury is preparing the way to alleviate the debt burden at the expense of the banks, the scheme of the Seventh War Loan financing appears to be quite ingenious. . . .

INCREASE SHORT-TERMS

It will increase the supply of short-term Governments owned by the banks and this will make it easier for the Treasury to have these institutions absorb special obligations, when the ones they now hold mature. . . . Even if this is the case it is still highly doubtful that the time is now opportune for such a drastic change in policy. . . . It is believed that the time for such a move, namely, to materially increase the floating debt, would be when the return flow of currency and the increase in the monetary stock of gold creates large excess reserve balances and accordingly a more favorable market for short-term Government obligations. . . .

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Walter Raynor Dept. Mgr. for John Douglas

OMAHA, Neb.—John M. Douglas announces that Walter V. Raynor has become associated with his organization as manager of the municipal department and the removal of offices to 530 Insurance Building on May 1.

Mr. Raynor was formerly an officer of Robert E. Schweser Company and prior thereto was in business for himself in Omaha. In the past he was an officer of United States National Company.

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The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 161 Number 4382 New York, N. Y., Thursday, May 3, 1945 Price 60 Cents a Copy

The Financial Situation

Steps that have been taken to ameliorate the food, particularly the meat situation, may or may not save the OPA and the present personnel of that organization. Only time will settle that question. There can be no doubt of general dissatisfaction with the situation as it has developed in the food markets of the country. The prospensity of the American people is great to seek a scapegoat, or at the very least to permit itself to be appeased by the decapitation of some one or more individuals upon whom politicians decide to fix blame. It is possible, too, that arrest and severe punishment of a few black market operators may relieve public tension—and of course that a measure of relief will be provided by what has been done to alleviate the general situation.

What is certain is that no permanent solution of the food situation has been found and applied, and that none can be either found or applied under the existing system. What is fully as important is that many of the other "programs" of the day are subject to fundamental weaknesses identical with those which afflict the price control and rationing system. No hope of permanent success lies in any of these economic planning and control programs. The public will do well to make a full and accurate diagnosis of the food situation. Otherwise, important lessons to be learned therefrom will be wholly missed.

Black Markets

The man in the street is all too inclined when he finds, for example, that the so-called legitimate markets contain inadequate quantities of food items he wants to assume that plenty of these things can be had in some mysterious "black market." He is likewise apt to assume that by some sort of hook or crook someone, somewhere has obtained many more

(Continued on page 1976)

Why the League of Nations Failed

By HUGH R. WILSON*

Chief, Foreign Affairs Section, National Republican Committee
Former U. S. Minister to Switzerland

Mr. Wilson, Who Observed the League of Nations in Action, Asserts Its Efforts Failed Because It Had Both Spiritual and Mechanical Shortcomings. Says Simple Voting Procedure Is Not Essential When the Great Powers Are United on a Course of Action. Urges Use of Force to Back Up Decisions, but Points Out Need for a Definite Code of International Law. Calls for More Flexibility in the New International Organization and Holds That All Nations, Including Former Enemy States, Should Have Right to State Their Grievances.

Hugh R. Wilson

For 10 years I was the American Minister to Switzerland. During this time I was American delegate on many conferences called by the League of Nations, and attended innumerable meetings of the Assembly and Council of the League in order to inform our Government of their proceedings. The spectacle was far more than that of a mere machine functioning, my vivid recollection is of the men involved. Of Briand, of France, with his great shaggy head, inevitable cigarette drooping from his lips, with his golden voice and heaven born gift of oratory. Of Lord Robert Cecil and of Ramsay MacDonald, the former looking like a benevolent vulture, the latter renowned for the rolling periods of his speeches. Later Anthony Eden, handsome, able, reserved in speech, now at San Francisco. I think of Litvinoff, of the Soviet Union, with his strange guttural pronunciation of English, enjoying the consternation among other delegations he caused by his boldness. Good men they were, struggling wholeheartedly to bring about a better order among states, but struggling against formidable odds to forestall the disintegration of Europe and the world. With these and many others of the world's figures I worked and hoped. Thus I watched the activities of the League during its period of hope, its period of slowly waning confidence, and its period of utter disillusion. I endeavored con-

(Continued on page 1979)

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*An address by Mr. Wilson over the Columbia Broadcasting Network, April 21, 1945.

President Truman Addresses San Francisco Conference

Says We Must Work and Live to Guarantee Justice for All, and That All Progress Begins With Differences of Opinion and Moves on as the Differences Are Adjusted Through Reason and Mutual Understanding. Asserts We Must Build a Better World and Prove That Right Has Might. Reiterates Statement That Large Nations Must Serve and Not Dominate.

President Truman

President Harry S. Truman, at the opening of the first plenary session of the San Francisco Conference of the United Nations on April 25, delivered a radio address to the assembled delegates in which he stressed the principle of "justice for all" and urged the delegates, as "architects of a better world," to overcome differences of opinion and build "a permanent monument to those who gave their lives that this moment might come."

The full text of the address follows:

The world has experienced a revival of an old faith in the everlasting moral force of justice. At no time in history has there been a more important Conference, nor a more necessary meeting, than this one in San Francisco, which you are opening today.

On behalf of the American people, I extend to you a most hearty welcome.

President Roosevelt appointed an able Delegation to represent the United States. I have complete confidence in its Chairman, Secretary of State Stettinius, and in his distinguished colleagues, former Secretary Cordell Hull, Senator Connally, Senator Vandenberg, Representative Bloom and Representative Eaton, Governor Stassen and Dean Gildersleeve.

They have my confidence. They have my support.

In the name of a great humanitarian—one who surely is with us today in spirit—I earnestly appeal to each and every one of you to rise above personal interests, and adhere to those lofty principles, which benefit all mankind.

Roosevelt's Ideals

Franklin D. Roosevelt gave his life while trying to perpetuate these high ideals. This Conference owes its existence, in a large part, to the vision and foresignt and determination of Franklin Roosevelt.

Each of you can remember other courageous champions, who also made the supreme sacrifice, serving under your flag. They gave their lives, so that others might live in security. They died to insure justice. We must work and live to guarantee justice—for all.

You members of this Conference are to be the architects of the better world. In your hands rests our future. By your labors at this Conference, we shall know if suffering humanity is to achieve a just and lasting peace.

Let us labor to achieve a peace which is really worthy of their great sacrifice. We must make certain, by your work here, that another war will be impossible.

We, who have lived through the torture and the tragedy of two world conflicts, must realize the magnitude of the problem before us. We do not need far-sighted vision to understand the trend in recent history. Its significance is all to clear.

With ever-increasing brutality and destruction, modern warfare, if unchecked, would ultimately crush all civilization. We still have a choice between the alternatives: the continuation of international chaos—or the establishment of a world organization for the enforcement of peace.

Purpose of Conference

It is not the purpose of this Conference to draft a treaty of peace in the old sense of that term. It is not our assignment to

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*These items appeared in the "Chronicle" of April 30, on pages indicated.

A World Court Essential to Future Peace

By HON. THOMAS E. DEWEY*

Governor of the State of New York

Governor Dewey, Though Urging the Creation of an International Organization at San Francisco to Promote Peace, Holds That Unless a World Court, as "the Conscience of Mankind" Operating Under a Code of International Law Is Established and Maintained, International Disputes "Will Bring Down on Us Another Holocaust." Says a Court Represents Rule of Reason Over Force, and That a World Court to Be Effective Must Have an Established System of International Law. Stresses American Origin of Hague Tribunal.

Thomas E. Dewey

It is a privilege to take part in paying tribute to the services rendered in this war by the Archbishop of New York. They are services beyond measurement in words. At personal risk he has traveled over the earth, visiting the fronts where men were embattled and suffering. He distributed generous, practical help where it was most sorely needed, regardless of the creed, race or color of those who benefited. Above all, he brought spiritual comfort to millions of human beings.

As Americans we are proud of our fellow citizen, proud to asknowledge him as one of the great living humanists, proud to join in tribute to a great New Yorker, Archbishop Francis J. Spellman.

During his pilgrimage of mercy the Archbishop had the opportunity of seeing at first hand the horrors of war. They give shocking demonstration of a lesson which is as old as the world, but which modern warfare has rendered more awful than ever. The deliberations now proceeding at San Francisco will answer the tre-

(Continued on page 1978)

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*An address by Governor Dewey at the 48th Annual Dinner of the American Irish Historical Society, Biltmore Hotel, New York City, April 28, 1945.

From Washington Ahead of the News

By CARLISLE BARGERON

An amazing calm, and a refreshing one, has come over Washington. The ascension of Mr. Truman to the Presidency rescinded a lot of plans of Washington correspondents to attend the San Francisco conference. The reader of the newspapers wouldn't likely think this to be the case, because there are so many newspapermen out there. But a large number of them have come from other fields, such as feature writers, sob-sisters and the like. The fact is that a majority of the Washington journalists have remained at home. The idea of this was that, with a new President, there would be tremendous things cracking around him, and any number of editors who had planned to have these men on the San Francisco front, sent men from their home offices.

Carlisle Bargeron

This keeping of men in Washington would not have been the case had Mr. Roosevelt been President. Although he had only planned to go out there and make a speech and return to Washington, perhaps after vacationing on the way, as we understand, he planned to do, his presence at the conference would have been overall and that was the place for ace news gatherers to be.

With Truman, he is neither out there in presence, nor is he out there in any dominating spirit. The conference is something he has delegated to the proper men, and anyone who sees him around here, can't escape the impression that he isn't the slightest worried about what the conference does. The most striking example of this was seen last Saturday night. A striking display of irresponsibility caused to be circulated all over the country that an end of hostilities in Germany had come. People were celebrating everywhere. In front of the White House hundreds were singing "God Bless America." Newspaper extras were on the street. Truman went into the House, after having been out all the afternoon, just as a family may have been spending the afternoon at a Country Club, and seeing the situation, decided he would call his neighbor and find out. This he did and finding the "gossip" had no foundation, he called in the newspapermen and told them that it did not, and, having some night work to do, went on doing it. There was nothing sensational or dramatic about the way he did this.

Similarly, there has been nothing sensational or dramatic for the Washington correspondents who stayed away from the San Francisco conference to cover by way of the tremendous changes which a new President might be expected to make. These gentlemen find it quite difficult to write about anything. There is nothing spectacular. A calm has settled down on the Potomac.

The explanation of Mr. Truman's aides is that he is deliberately backing off of anything that might take the spotlight off the conference. It seems to be his attitude that there it is out there, in all its pageantry, a pageantry for which he was not responsible, but something having been wished on him, and he has delegated whom he considers to be responsible men to take care of it. Those to whom he has delegated this responsibility are members, largely of the U. S. Senate and the U. S. House of Representatives. They were not of his choosing. But they seem to be a good body to him to do the job.

Whereupon, he has been quietly contemplating other things. The inescapable impression is that he is taking it quite easy, that he doesn't consider everybody of the some 135 million people in this country are waking up every morning looking to see what he intends to do, or say. He is taking on all callers. Strangely enough he seems to have plenty of time to do this. The Secret Service has, to some extent relaxed its vigil. For example, the other day, he was walking across the street to the Blair House where he is still living, and a "little, old woman" as she has been described in the newspapers, stepped up and said: "I want to shake your hands, I am from Missouri," or something to that effect. This would have been impossible around Roosevelt. Why the Secret Service men let her do this, we don't know, except that they figured here was a non-controversial man, and the strife was over.

We learn from Republican senators who have visited him that among the things he plans is a return to the two party system on the many commissions and agencies set-up around Washington which legislatively require that. Before Roosevelt it was the invariable rule that when an agency or commission was set up, or in the case of those already created, that they should have, in the case of five members, "not more than three of the majority party." This meant that there would always be a minority element to watch the conduct of these agencies. Mr. Roosevelt laughingly got around this by appointing New Deal Republicans to the minority jobs. Mr. Truman has assured the Republican senators that this will be cut out. So there will be changes all over the place as fast as vacancies occur on these agencies.

It would not be a complete round-up of the Washington picture, however, to overlook the apparently intimate visit with him of former Senator Schwellenbach of Washington, now a Federal judge. Schwellenbach is not an ideologist of any kind; Truman's appointment of him to an office would mean neither a swinging to the Left nor Right. But his visiting with the Washington judge has caused a lifting of Washington eyebrows as to Mr. Truman's friends. The wonder is what the President's tastes are.

Wallace Proposals for Small Business

Secretary of Commerce Henry A. Wallace has presented his program for post-war aid to small business in the May issue of the "Readers Digest," states the Associated Press at New York, April 23, which says that the four points which Mr. Wallace suggests are:

1. Government should break down "all arbitrary barriers" that prevent a small business man from entering a business of his choice.

2. See to it that new small businesses have a reasonable access to credit and the establishment of a Government agency to guarantee loans to small business.

3. Make Governmental research available to small business.

4. Repeal the excess profits tax as soon as possible after the war and lighten the income tax and reform other taxes to ease the burden on small business.

V-E Day Tax Relief Plan Under Study

President Truman evidenced his interest in the tax relief legislation now pending in the Congressional joint committee on internal revenue taxation for post-war taxation by his discussion of the subject with Chairman Robert L. Doughton (Dem.-N. C.) of the House Ways and Means Committee, when the latter called at the White House, according to advices from Washington to the New York "Herald Tribune" on April 24. The 81-year-old North Carolinian later told reporters, the Associated Press states from Washington on the same date, that the Treasury and the joint Congressional committee, of which he is also Chairman, "are working together in harmony" in trying to work out a basis of tax adjustments for corporations and individuals, and indicated that it might be possible to bring about some tax relief for the period between V-E Day and the end of the Pacific war.

The legislation under consideration is the result of recommendations made by Congressional and Treasury tax experts after a nine months' study, as reported by the Associated Press from Washington on April 12, and although the report has not been made public, the Associated Press again advised from Washington on April 24 that evidence indicates that the following are among the chief proposals:

Setting of a definite date for abolition of the corporate excess profits tax, giving industry assurance needed for peace-time production planning.

Refunding about $1,500,000,000 excess profits taxes for 1942-43 in lump sums on a specified date, rather than by the present plan of paying in instalments. The taxes to be refunded represent 10% of the total paid in, against which bonds have been issued.

Giving credits, on current tax payment, for additional excess taxes paid since 1943 rather than issuing bonds for future redemption.

Permitting corporations to estimate losses in advance and deduct their credits from current taxes. rather than claiming refunds after occurrence of losses.

Encouragement to small businesses by increasing the excess profits exemption from $10,000 to $25,000.

Senator Robert A. Taft (Rep.-Ohio), who is the second ranking Republican on the tax-writing Senate Finance Committee, took exception to Representative Daughton's prediction of the possibility of cutting taxes upon the cessation of hostilities in Europe, according to the Associated Press in advices from Washington, April 25, which state that the Senator told reporters: "I don't see any possibility of any tax reductions except of the most minor nature as long as the war with Japan continues," and stated that he based his conclusion on estimates that the cost of government will be at least $75,000,000,000 the first year after the end of the war with Germany and on the fact that the present tax system is yielding the Treasury about $45,000,000,000 annually.

Phillips Stettinius Aide

The appointment of William Phillips, former Ambassador to Italy and political advisor of General Eisenhower to be special assistant to the Secretary of State was announced on April 23 by the Associated Press from Washington, which went on to say:

He will assist in handling departmental matters while many of the top officials of the State Department are in San Francisco. Mr. Phillips was formerly Under-Secretary of State.

The State of Trade

The meeting on Wednesday of last week of President Truman and high ranking officials of the Army and Navy at the Army's Pentagon Building headquarters lent much support to increasing rumors that the war's end in Europe was only a matter of days, if not immediately imminent. The junction of the American and Soviet forces on Wednesday of the same week banished any ray of hope for the Germans that the war could last for any great length of time. In fact, statements by officials within the Reich confirmed this belief. Scattered resistance in the German redoubt areas and in the small pockets of Holland and France and other parts of the front now only remain to be brought under control.

In the week the arrest and execution of Benito Mussolini and other fascist officials of Italy followed closely upon the approaching climax of the Italian campaign, which has reached a state of utter collapse with the demoralization of German and Fascist-Italian resistance. All in all, the picture for the United Nations has taken on a brighter aspect than ever before. With the European war out of the way, much of their efforts can now be concentrated on the war in the Pacific.

Reflecting the changed status of the war, Undersecretary of War Robert P. Patterson announced that reduced consumption of materiel in Europe has made possible a reduction of existing orders for certain important items within the next 30 to 60 days. Such items include artillery and mortar ammunition. In this connection Mr. Patterson did not name any of the other items on which orders would be cut. Howard Bruce, Director of Materiel of the Army Service Forces, however, did disclose that the Army is reviewing production on about 2,000 items, comprising about three-quarters of Army Service Forces procurement. This study, he said, should be completed by May 10, and that production of many of these items would be cut back in varying degrees. According to Mr. Bruce, these cutbacks would come out of the estimated 16% overall reduction in procurement which experts have estimated could be made after Germany is defeated, so that the abrupt cutback after VE-Day will be substantially less than 16%.

Appearing before a House post-war economics committee, Chairman J. A. Krug of the WPB stated that industry will need $41,000,000 in new construction and $60,000,000 in tools alone to get back to the minimum economic rate of production. The WPB Chairman emphasized the necessity of boosting production in textiles, lumber, forest products and similar items so important to our peace-time economy.

Following the collapse of Germany, Mr. Krug added, the country will have a "mixed economy"—the all-out production of war goods essential to the defeat of Japan and the making of essential civilian products. Outlining the board's policy, Mr. Krug set forth the steps to be taken toward its fulfillment:

1. Meet the military needs for the Japanese war on full schedule.

2. Help essential normal production such as railroad equipment, farm machinery, utilities and the oil industry.

3. Guide war production to offset local unemployment where possible.

4. Aid industrial reconversion.

5. Assist urgently needed non-war production plants.

6. See to it that there is a fair share of vital materials for small manufacturers.

7. Eliminate production controls as quickly as possible.

In stating the board's responsibility "for making certain the small producer doesn't get squeezed out in reconversion," he concluded, "we will have to continue inventory controls to see that speculators don't seize the market to drive up prices or drive out competition."

Steel Industry—Cutbacks now occurring and yet to come, coupled with good war news, had little effect on steel activity the past week, and most steel companies reflected little or no change in the heavy volume of steel orders, "The Iron Age" reported in its current summary of the steel trade for the past week. The demand for steel plates, which is fast dwindling, was an exception to this trend, especially in view of the Maritime Commission cancellations reported to involve 100,000 tons of plates.

Order volume at Pittsburgh and Chicago the past week was still much ahead of actual shipments. No letup of consequence has been reported in pressure for shell steel, despite expectations that a considerable amount of tonnage on the books for future shipment will eventually be canceled. Restoration of some tonnage allotted railroad carbuilders for the second quarter, which had been severely cut, apparently has been made.

Unauthorized coal strikes in recent weeks, the magazine adds, have to some extent enlarged steel mill backlogs at those plants most severely affected. Carnegie-Illinois Steel Corp., at Pittsburgh, because of these stoppages, suffered an ingot loss of 83,000 tons and a loss in finished steel products of 82,000 tons. At Birmingham more than 40,000 tons of steel ingots and more than 58,000 tons of pig iron have already been lost.

It is a foregone conclusion, states "The Iron Age," that the steel industry will soon feel the impact of cutbacks and changes in military programs, even though present levels in order volume and steel output continue high. The Maritime Commission's cancellation of 30 tankers out of a program covering 106 may be advance notice of further trimming.

Reports from Washington say that WPB is preparing plans which will give essential civilian needs a high priority rating similar to that used for urgent war items. It is not expected that such action will materialize until the full effects of cutbacks already made and those contemplated are known.

Some sizable post-war inquiries have been received by steel companies both from the automotive and appliance field, the trade weekly points out. The State of Illinois has asked for bids on the first highway project involving more than 100 tons of structural steel in more than two and a half years. An avalanche of orders from the automotive industry is prevented only by the fact that allocations for materials for the resumption of passenger car output have not yet been made.

The end of June will see few wide strip mills carrying any important tonnage of steel plate, the trade magazine reports. Removal of canceled Maritime tonnage from schedules will, with some mills, jeopardize present near capacity operating rates. Because of the finishing bottlenecks, the plate reduction will not make possible a complete substitution of an equivalent sheet tonnage,

(Continued on page 1981)

WPB Announces Changes in Controls Affecting Civilian Production

Without waiting for a formal announcement of the end of the European war the War Production Board has announced important changes in its policy of controls affecting civilian production, according to advices from Washington to the New York "Times," on April 27, 28 and 29. Earlier in the week, J. A. Krug, War Production Chief, appearing before a House post-war economics committee said that, as his own "speculation," war procurement contracts might be expected to be cut back 15% in the next three or four months and that estimated war production would be down to 60% of its present level within a year or 15 months, the Associated Press reported from Washington, April 25. That report stated that Mr. Krug said that WPB is ready to wipe out controls as soon as possible and, at the same time, aid industry through its reconversion period with the allotment of essential supplies and materials.

First job, he said, will be to grant priority assistance on so-called "bottleneck items" to help the 72 industries which went into war production to convert to the minimum peacetime production essential to the country.

Industry will need $41,000,000 in new construction and $60,000,000 in tools alone to get back to the "minimum economic rate of production," he said.

After the collapse of Germany, he said, the country will have a "mixed economy" — the all-out production of war goods essential to the defeat of Japan and the making of essential civilian products. The Associated Press states that Mr. Krug outlined as WPB's policy:

1. Meet the military needs for the Japanese war on full schedule.
2. Help essential normal production such as railroad equipment, farm machinery, utilities and the oil industry.
3. Guide war production to offset local unemployment where possible.
4. Aid industrial reconversion.
5. Assist urgently needed non-war production plants.
6. See to it that there is a fair share of vital materials for small manufacturers.
7. Eliminate production controls as quickly as possible.

The Board's chief of operations, Hiland G. Batcheller, released an eight-page report, revealing some of the plans on the cutback and conversion program now under way, according to the "Journal of Commerce" from Washington, April 26, which gave the following excerpts from the report:

With the favorable production trend and the coming V-E Day program adjustments, a considerable revision, not only in the critical classification, but in the more inclusive national production urgency list, will be required. Studies along this line are now in progress. The national production urgency list serves primarily as a guide for labor referrals and includes a number of important "must" programs that are not among the critical programs singled out for special immediate action. **Even if V-E Day is delayed, it is probable that such programs as dry cell batteries, field wire, and one or two others need no longer be classed as critical.**

After V-E Day, few of the currently critical programs will still deserve that designation. The nature of the production problems will have changed. Total munitions production will be dropping. When requirements for any special classes of military items increase sharply, there should be a certain amount of slack in the economy into which they can be lifted, even allowing for the expansion in non-military production. The primary task, therefore, will be to make sure that total munitions production does not slack off below continuing military needs. In addition, it is likely that battle experience and the resultant changes in strategic and tactical needs will dictate numerous radical production readjustments.

Even in such products as **textiles**, where requirements do not decrease appreciably and may even increase in some categories on a one-front war basis, the problem will be eased to the extent that workers released from shipyards and other war plants are willing to go back to the textile mills.

The munitions programs never remain fixed for any length of time; every month sees extensive changes as procurement plans are adjusted to inventories, issue rates and plans of campaign. During the past fall and winter, beginning even before the battle of the Ardennes Bulge and continuing at an accelerated rate into February, the changes were mostly upward. Schedules for small arms ammunition, planes, medium artillery and mortar ammunition, tires, tanks, trucks, dry cell batteries, and other items were jumped sharply. To meet these stepped-up programs, new facilities for manufacture of components and for assembly operations were initiated in many cases.

With the changing course of the war in Europe, the trend is now the other way. The Army has adopted a policy of canceling plant expansions that will not be needed for a one-front war and that cannot be completed by Sept. 1, and it is adjusting its procurement schedules, accordingly. **Planned peaks for small arms ammunition, medium artillery and mortar ammunition, and tanks have been considerably reduced. The air forces have gone even further, and have already put three types of aircraft on a one-front war schedule.**

Present schedules call for production of some $56,000,000,000 of munitions in the year beginning July 1, 1945—just about the same as in the calendar year 1943 and less than 10% below 1944. Should the shift to a one-front war be completed by July 1, the program will be reduced to about $48,000,000,000, a reduction of about 14%.

Major changes in programs over the remainder of the year if the European theatre should become inactive in the next few months will be as follows:

Aircraft, scheduled to increase slightly from present levels, would decline slightly instead. **Ammunition** would show approximately the same type of change. **Combat and motor vehicles,** instead of holding on a horizontal plane, would slide off sharply. In other groups, except ships, the declines would be greater than now scheduled. The **ship program,** now scheduled to drop about 35% from the second to the fourth quarters, would not be changed.

Within these broad categories, of course, there would be much sharper changes in individual segments. For example, the critical field artillery items, consisting of certain **spare cannon and recoil mechanisms** now scheduled at $54,000,000 for the fourth quarter, would be almost wiped out, with less than $1,500,000 remaining in the schedules. The fourth quarter schedule for **tanks,** just curtailed this month from 9,107 to 6,191, would go down to 2,986. **Military dry cell batteries** would be more than cut in half, and so would field wire. On the other hand, requirements for light-heavy trucks, heavy-heavy trucks, cotton combed goods, insect screen cloth, insect repellants and some other products actually will be increased by the shift to a one-front war basis, with the resultant increase in the number of troops in the Pacific theatre.

The reductions in military programs will free a large amount of materials, manpower and plant facilities. Demands on these resources, both from our own population and from abroad, will, in the aggregate, be greater than the capacity released. And even though these demands cannot be made fully effective immediately, it will not be possible to turn the civilian economy completely loose. Controls can and will be considerably relaxed, but a sufficient measure of control must be maintained to assure satisfaction of continuing military needs and of any suddenly developed new requirements of the Pacific war, plus those civilian requirements which are closely related to the successful prosecution of the war (as, for example, transportation and other utilities).

With post-V-E Day schedules still highly fluid, no very great quantitative estimates of the released capacity can be made. In components and basis materials in general, however, the initial curtailment will be more than proportionate to the drop in the munitions programs, because of inventory absorption.

The degree of curtailment increases progressively down through the subcontracting chain, from end-product factory to new material producer. In many cases program cutbacks will leave manufacturers with more than enough inventory on hand to finish the remaining portion of their contracts, and procurement will stop. In many others procurement of components and materials will be cut sharply below the level of consumption until inventories are brought down into line with the lower production schedules. And to the extent that manufacturers anticipate further cutbacks and operate on narrower inventory margins than in the past, the effect will be magnified.

An announcement by J. A. Krug on April 27 revealed that complete operation of the Spot Authorization Plan, for approving civilian production through district and regional offices of WPB, had been restored. Civilian production under spot authorization procedure may now be authorized in Group I and II labor areas without the unanimous consent of the Production Urgency Committee for the particular locality, Mr. Krug advised, which policy places all areas throughout the country on the same footing as far as spot authorizations are concerned.

Krug indicated that a ready flow of civilian production in the near future was not to be expected. Controlled materials, copper, steel and aluminum, will not be available immediately for deferred allotments under the spot authorization procedure. However, under the procedure idle and excess stocks will be permitted to be used for authorized production of civilian type goods.

The spot authorization procedure, as advices to the New York "Times" from Washington, April 27, state, was intended by its originators last summer to be the principal bridge between all-out war production and complete reconversion to civilian goods. It was felt then that the regulation could help industry absorb the labor which would be released from war jobs as military programs were reduced and also use spare materials and facilities for the manufacture of civilian goods demanded by a starving market.

The WPB announcement emphasizes that the relaxation of controls will be very gradual in view of the urgent necessity of maintaining all military production needed to complete the victory in Europe on schedule and keeping pace with accelerated military operations in the Pacific. Because of these heavy demands the supply situation for textiles, leather, lumber, forest products, rubber products, many chemicals and certain other strategic materials will continue extremely short, and this situation may continue throughout the Japanese war.

Meanwhile, according to New York "Times" advices from Washington, April 28, the WPB revoked 40 of its lesser controls covering products and commodities from sun glasses, through fire sprinkler parts, to water meters. The separate actions were taken, the WPB explained, "to eliminate restrictive controls on business as rapidly as war conditions permit."

Generally the controls which are terminated were for the type known as "L" orders, which limit or forbid the production of a particular civilian product which would otherwise compete with war production for critical materials.

It was reported earlier, the "Times" states, that the WPB was now in a position to revoke as many as 65 of its controls restricting civilian production within a week or ten days. This relaxation will be augmented further by last night's announcement of the complete restoration of the "spot authorization procedure" permitting peacetime production on the basis of local supplies of materials and facilities.

The Board also announced personnel changes designed to enable it to cope with adjustments with greater facility, the New York "Times" Washington April 28 report stated, some of the more important being the appointment of J. A. Krug's executive officer, John D. Small, as WPB chief of staff, a position which has been vacant since the resignation early this year of Arthur Bunker. Mr. Small, who occupies an important post bearing on reconversion as director of the Program Readjustment Committee, joins Hiland G. Batcheller, chief of operations, and Mr. Krug as the three top-ranking WPB officials.

Other significant appointments were those by the Surplus Property Board naming Dr. J. R. Mahoney and Samuel Moment to make studies of economic and marketing problems relating to the disposal of Government-owned steel and aluminum plants.

Additional steps toward resumption of civilian production were indicated with the WPB's announcement, according to New York "Times" advices from Washington, April 29, that WPB field offices were ready to aid applicants needing "bottleneck" machine tools or other capital equipment and minor construction projects.

Issuing Direction 5 to order L-41, covering construction projects for reconversion, WPB made known its preparedness to approve **WPB-617** applications for the construction of, and to assign preference ratings for, any project not interfering with the war program which met the following conditions:

> The construction was a necessary preliminary to starting civilian production and delay would result in "unduly" retarding resumption of manufacture when restrictions were removed.
>
> The construction was a relatively minor addition to, or alteration of, the applicant's plant.
>
> The project was no more than was needed for production "at the minimum economic rate."
>
> It was not designed for replacement or improvement of existing facilities which were adequate though less efficient.
>
> The product made by the applicant for new construction was generally one needed in the civilian economy.

Upon approval of the application the agency will assign to it a Controlled Materials Plan allotment symbol and an AA-3 preference rating, the treatment usually given to approved construction.

WPB also provided for the assignment of an AA-3 rating for the procurement of machine tools and other capital equipment through the issue of Direction 2 to Priorities Regulation 24, with the proviso, however, that the application satisfy similar criteria to those for construction requests.

The agency pointed out that if capital equipment acquired under PR-24 could be installed under Direction 2 to L-41 (generally speaking, if no new buildings or additions were required) no application under L-41 was necessary.

President Truman is said to be surveying the whole situation with regard to reconversion to peacetime production with the cessation of hostilities, beginning with the gradual steps which V-E Day will make possible, and toward this end has been holding a series of conferences with administration and Federal agency leaders, the New York "Sun" reports from Washington, April 27.

It is also announced that management and labor of the automotive industry, New York "Times" advices from Washington, April 28, mention, will meet with Henry P. Nelson and D. Alan Strachen in Detroit Monday. Mr. Nelson recently was appointed "Coordinator of Reconversion in the automotive industry" and Mr. Strachen is WPB Deputy Vice-Chairman for Labor Production. He will continue his discussions with representatives of the United Automobile Workers, CIO, and other unions in the automotive and auto body building industries.

American Transit Assoc. Safety Awards for 1944

The American Transit Association, representing approximately 90% of the local transportation industry in the United States and Canada, on April 25 honored 20 winners in its 1944 Annual Safety Award Competition. Six silver plaques were presented to the top companies in five classes of competition and fourteen Certificates of Honorable Mention were given those who came close. Awards were in recognition of achievement in traffic and passenger safety among the transit companies of the United States and Canada.

Presentation of the 1944 awards was made at a dinner meeting at the Waldorf-Astoria. Charles Gordon, managing director of the American Transit Association, welcomed the assembled delegates and guests. In the course of his remarks, Mr. Gordon revealed that in 1943 the national transit industry safely carried 300,000,000 passengers for every passenger fatality, or operated in excess of half a billion passenger miles per passenger fatality, and looked to be even better for 1944.

Wallace J. Falvey, President of the American Museum of Safety, and chairman of the ATA Committee on Awards, made the individual presentations and gave a short history of the ATA Awards, dating back to 1914 when Anthony N. Brady Memorial Medals were first offered. ATA's Committee on Accident Prevention took over sponsorship in 1941.

Ned H. Dearborn, President of the National Safety Council, closed the ceremonies with a brief address, "First Things First," in which he made the point that "The real problem now facing us is that of gaining nation-wide acceptance of safety as a part of the design of daily living. To gain such a degree of acceptance," Mr. Dearborn continued, "the most important people, the most influential organizations, and every safety agency, governmental and private in the country, must be enlisted behind the effort. So must business and industry, and the press, the motion pictures, the magazines and radio," he concluded.

The Financial Situation

(Continued from first page)

points (counterfeit or otherwise) than he has. Having been convinced of such things as these it is but an easy step to the conclusion that the difficulty lies in poor or inequitable management on the part of those who do the controlling and that an adequate remedy lies in replacing individuals who have been found wanting in wisdom or executive ability — together, possibly, with alterations in the machinery of enforcement perhaps even in policy.

Such conclusions as these would be most unfortunate. Of course there is incompetency in control personnel and organization. There can be little doubt that substantial, perhaps even the larger, part of current supplies reach the consumers through "black markets" at one or the other stage of distribution—if one includes as "black markets" not only such markets as are specially organized and regularly operate for the purpose of profiting by avoidance, evasion, or violation of law, but also ordinary dealers and distributors who do not at all times comply with all orders issued by public authorities. In one degree or another this fact may quite warrantably be laid at the door of the regulators. We can scarcely doubt that with the ultimate in obtainable wisdom and understanding existing controls would be less onerous than they actually are.

More Basic Defects

Yet when due allowance is made for all this, the fact remains that human knowledge and human wisdom have not yet reached the point where man can exercise centralized control of production, price, and distribution, and still have the economic mechanism function in a way to meet the needs of the public half as well as is ordinarily the case when these factors are permitted to proceed "upon their own," as it were, subject only to so-called natural law. It may be conceded that in times of "total war" some measure of control of the ordinary processes of the economy are unavoidable—since the ultimate object of the economic system at such times is not that of meeting the economic wants of the public, but of winning the war—without in the least damaging the argument that in such times interference should never go beyond the absolute minimum, that such interference should be ended as soon as militarily feasible, and that while such minimum of interference continues the economic system can not be expected to function in a normal way.

Not Enough Production

Let it be carefully observed that the testimony at the recent hearings on the meat situation, for example, confirmed the experience of every housewife that the difficulty was not merely lack of points, unlawful prices, inequitable distribution, but of a definite and continuing shortage of the total amount of meat available. It likewise appeared that the old saw about civilian consumption in this country being greater than ever before in history was abandoned. There simply is not enough meat to go around, and whatever defects there may be in control of distribution is at bottom largely a result of that simple fact. Yet it appears well established that there is no shortage of livestock on the farms. The trouble seems to be that animals are simply not being converted into first grade meat for the tables of civilians in amounts even nearly adequate. At some stage in the production process the mechanism simply does not function adequately. Now even in times of total war, production depends upon whether a profit can be made or at the very least, whether a loss can be avoided. In every production process a number of factors enter, the net result of them all being the determinant so far as the volume of production is concerned or even, for that matter, whether production occurs at all.

Complex Factors

In such a thing as beef—i.e., first class, well fatted beef—some of the items which may control production are the relation between the price of feed and that of "finished" beef animals; the difference between the price of range animals and that of "finished" beef animals, the difference between "finished" beef animals and the price of beef at wholesale; and a number of other items which have to do with labor costs and the like. In the distribution process there are other factors—such for example as the difference between wholesale and retail prices, inter-regional prices and varying transportation costs. All these various factors, and others which might be listed, must be in working relationship to one another or else the process of production and distribution of beef will not proceed smoothly and effectively. That is as true in times of war as in times of peace.

Now ordinarily, these matters readily adjust themselves when left to their own devices. The over-all regulator is price, or rather prices, for there are many prices involved. The end of product of these so-called automatic adjustments is normally that the rank and file get what they want badly enough to pay the cost of, and in amounts fixed by their willingness to buy at such prices. It is fashionable today to rebel at these automatic processes, but man has not yet learned to keep the economy in balance nearly as effectively as nature does.

That at bottom is the meat difficulty today, and there is wholesome food for post-war thought in the fact.

ABA Enrolment Up in Past Six Months

The constantly expanding services provided for the smaller banks of the nation, through the country bank program of the American Bankers Association, are reflected in the enrolment of 336 new member banks since the opening of the fiscal year on Sept. 1, 1944, according to Robert L. Dominick, Chairman of the Association's Organization Committee. On March 31, 1945, active paid membership in the Association reached 15,561.

Mr. Dominick, who is also Vice-President of the Traders Gate City National Bank, Kansas City, Mo., in a report to the membership for the first six months said, "the percentage of members has now reached 95.6% — obviously the highest percentage in the history of the Association. This compares with 93% on March 31, 1944, and against 94.7% on Sept. 1, 1944. The addition of these new members reduces the non-member list 38% since Sept. 1. In the whole country there are now only 523 non-members, exclusive of branches." He added: "Under the presidency of W. Randolph Burgess, our regional and state vice-presidents have been able to present to both members and non-members a picture of their national Association functioning well in every department."

At the present time 100% of the banks in thirteen states and the District of Columbia are members of the American Bankers Association. The fourteenth member of the 100% group was registered after the completion of the report, when Wisconsin State Vice-President George D. Prentice wired headquarters that the single non-member bank in that State had been enrolled.

Congress Members to See German Atrocities

A group of American Senators and Representatives left Paris by plane on April 24 for Germany to investigate German prison camp atrocities it was stated in Associated Press advices from Paris on April 24, which added:

Members of the group, which arrived in France by plane on April 23, include Representative Dewey Short, Republican, of Missouri; Representative R. Ewing Thomason, Democrat, of Texas; Senator Walter F. George, Democrat, of Georgia; Senator Alben W. Barkley, Democrat, of Kentucky; Representative James W. Mott, Republican, of Oregon; Representative James P. Richards, Democrat, of South Carolina; Representative Edward V. Izac, Democrat, of California; Senator Elbert D. Thomas, Democrat, of Utah; Senator Leverett Saltonstall, Republican, of Massachusetts; Senator Kenneth S. Wherry, Republican, of Nebraska; Senator C. Wayland Brooks, Republican, of Illinois, and Representative John M. Vorys, Republican, of Ohio.

General Dwight D. Eisenhower had urged that members of Congress make an inspection of German prison camps.

Trade Pact Extension Hearings

As the House Ways and Means Committee public hearings on legislation proposing to extend the Reciprocal Trade Act for three years (with an amendment granting the President broad new authority to lower duties) finally got under way, it became apparent that Congress was facing the biggest tariff battle in years, according to reports by the Associated Press from Washington, April 20. As the day-to-day proceedings continued, Republican opposition to giving additional duty-cutting authority grew more and more intense so that, according to the Journal of Commerce from Washington, on April 25, Rep. John Dingell (Dem., Mich.), bluntly accused the Republicans of "filibustering" the bill, which unless extended expires on June 12, and threatened a motion to curtail the protracted questioning of witnesses evident in the hearings to date.

Eighty requests or more for hearing are on the committee docket, the Journal of Commerce states, and after the first week questioning of only four witnesses had been completed, so that Committee Chairman Robert Doughton (Dem., N. C.) said that steps would have to be taken to speed up the hearings by imposing of limitations on questioning of witnesses or by holding night sessions.

Former Secretary of State Cordell Hull, whose name must always be thought of in connection with Reciprocal Trade Pacts, addressed a letter to the House Committee to convey his opinions which ailing health prevents him from expressing in person. The text of the letter, as given by the Associated Press from Washington, April 18, follows:

My Dear Mr. Doughton:

I very much regret that this year I cannot personally attend your committee hearings on the trade agreements act. I want you to know, however, that the program today is just as central to my thinking on international affairs as it has always been. Indeed, with the coming total destruction of the forces of aggression, the opportunity to realize the full benefits of reciprocal trade agreements and through them to further the cause of world peace is greater than ever before.

Back in 1917 and again in 1920 I pointed out in the House that the countries of the world were in danger of sinking into a chaos of unfair competition and economic warfare unless measures were taken to stop it, and I proposed that the Congress advise the President to call an international conference to work out ways of reducing old trade barriers and preventing new ones, and to agree on rules of fair competition in commerce among nations. Instead, we raised our tariffs in 1921 and 1922, and again in 1930; other countries began to try to fence out imports and the world started down the road of commercial conflict that helped bring on this war.

Agreements With 28 Countries

In 1934 the United States decided to go the other way, and to use its influence to persuade other countries to take the same new course. Under the trade agreements act we have succeeded in reaching agreements with twenty-eight countries to our advantage and theirs. But international relations had already deteriorated to such an extent that, against the setting of trade wars and depression. Hitler had come into power in Germany and the Japs were in Manchuria.

We shall soon have another chance to make a peace. This time we propose to make one that will last. We know that it cannot be lasting unless it embraces not only political and military affairs but also arrangements to provide the essential prerequisites to economic prosperity and to maintaining and improving standards of living in our own and in all countries. The trade agreements program is one of these essentials. Its purpose has always been—and must continue to be—to bring about a reduction or elimination, on a reciprocal basis of mutual benefit, of excessive barriers to trade which impair the well-being of all countries and thus undermine peaceful and friendly relations among nations. The action of the Congress on your bill is therefore one of the decisive tests of whether the United States is prepared to assume its share of the responsibility for creating the basic conditions upon which enduring peace depends.

As President Roosevelt pointed out in his message to Congress on March 26, 1945, we cannot, in the difficult period immediately ahead, have an effective trade agreements program unless the act is strengthened and brought up to date as your bill proposes. In the agreements which the United States has already made, we have used up a major part of the authority under the original law and have obtained in exchange valuable relaxations of barriers to our exports, which will give us renewed benefits in the post-war years. But we must now go further. In the conditions which confront us now and will confront us after the war, we must have the additional authority which your amendment provides in order to make the act an adequate instrument for expanding our foreign commerce and world trade in general.

Praises House Bill

Neither the original act nor your bill contemplates any indiscriminate slashing of tariffs. When your bill has been adopted the act will still contain all the provisions that it always has contained for full consultations, before action, among the departments of the government that know the most about commercial questions, and for public hearings at which any citizen may submit facts and arguments. The administrators of the act will still be required, under your bill, to give due consideration to all interests. I have complete confidence that the act will continue to be carried out wholly in the best national interest and in the same careful and scientific manner in which it has been carried out for the last eleven years.

Although I shall not be with you this time during the Congressional consideration of the trade agreements program, I shall follow the discussions in the Congress with absorbing interest and with high hope that, in this crucial decision, we shall again let the world know that we will not fail to play our full part in bringing about the conditions necessary for prosperity and a lasting peace.

Sincerely yours,

CORDELL HULL.

During the course of the hearings Rep. Bertrand Gearhart (Rep. Cal.) assailed the most favored nation principle as a means by which the United States granted a concession to one nation and then permitted it to benefit all nations indiscriminately, except Germany, Italy Russia and Japan, for which he said this country got nothing in return, the Journal of Commerce reported from Washington, April 25, to which Rep. Jere Cooper (Dem.-Tenn.) replied by pointing out that the principle of "Most Favored Nation" was first applied by Charles Evans Hughes as Secretary of State under Harding. The Republicans on the committee, the Journal of Commerce states, were told by their Democratic colleagues that their attitude was not shared by the Republican party as a whole.

One of the early witnesses was William L. Clayton, Assistant Secretary of State, who, according to the Associated Press from Washington, on April 18, told the committee that failure to continue the reciprocal tariff policy might easily lead to a third world war.

Many nations will be unable to repay the United States for goods immediately after the war, Clayton said, and, unless steps are taken now to permit eventual repayment through exports to this country, there will be a two-fold consequence:

1. We'll lose the money extended as credits to other nations "as happened after the first world war."

2. We'll set up "irritations and bitterness" among other nations which will say "you welched on us and made it impossible for us to repay our debts."

On the third way of his testimony, the Herald Tribune Bureau reports from Washington, April 21, Mr. Clayton promised the committee that as director of the reciprocal trade program, he would never sell American industry short for diplomatic advantage.

Another important witness was Claude Wickard, Secretary of Agriculture, some of whose remarks are given here as stated by the Journal of Commerce from Washington, April 24:

Trade agreements are in force with twenty-six countries. Of these, fifteeen have granted duty reductions or larger quotas on pork and pork products and three others have agreed not to increase their duties, Dairy products have received concessions from eleven countries, leaf tobacco from eleven, fresh, dried and canned fruit from twenty-six, vegetables and preparations thereof from twenty, wheat flour from twelve, rice and rice flour from ten. If all the concessions on farm products now in effect had been in effect in 1937, they would have applied to 48% of the total value of our exports of agricultural products in that year. These do not include the concessions on industrial products which use farm products as raw material. . . .

American agriculture is efficient enough to face reasonable direct competition from abroad. We fear only destructive or unfair competition. . . .

I do not mean to say that I would advocate removing all tariff protection from farm products, or even reducing all duties to the fullest extent permitted under the Trade Agreements Act. Some farm products could not be produced without protection, at least in anything like their present volume. Even so, I am satisfied that these facts are known to the trade agreements organization in which the Department of Agriculture is represented, and that every proposed concession will be carefully considered in the light of these facts.

Farm Prices

Provision has been made by Congress for the maintenance of farm prices, particularly in the years of transition from a war to a peacetime economy. Far from being in conflict with such legislation the trade agreements program will supplement price supports by expanding foreign markets. If foreign markets should be restricted by increased trade barriers, the problem of maintaing domestic prices would be far more serious. Imports of agricultural products can never seriously endanger the domestic market for our own farm products. Even in those years in which we had the greatest imports of farm products counted as competitive, such imports never supplied more than 10 or 11% of the domestic market. These were years of prosperity for the farmer. In the years of the depression the share of imports fell to 7%. Of course, the farmer was much better of in the year of prosperity when he had 90% of a $12,000,000,000 market than he was in the depression years when he had 93% of a $6,000,000,000 market.

I wish to express my approval of the proposal to extend the authority granted under the Trade Agreements Act to possible reductions up to 50% of duties now in force. This does not mean that all duties will be reduced to this extent. Some duties may safely be reduced to 25% of the 1930 rate, but others should not be reduced at all, and the trade agreements organization has in many cases refused to make any reduction. I am satisfied that the trade agreements procedure assures careful consideration to every proposed concession. I believe the record shows that no serious injury has been done in any agricultural product.

Secretary of Commerce Henry A. Wallace urged the continuation of the nation's trade policies, with new powers to cut tariffs, according to the Associated Press, from Washington, April 23, which stated that he declared:

"I believe the trade agreements program can make a substantial contribution to the obtainment of our principal post-war objective —full productive employment or about 60,000,000 jobs."

Wallace's Reasons

He said that if exports can be maintained at $10,000,000,000 or more annually "they may well provide work for about 5,000,000 American persons." He gave these reasons for urging approval of the proposed new tariff trimming authority:

"1. The reciprocal trade agreements act is of vital importance to the country, especially at this time, as a tool for creating post-war jobs through the expansion of foreign trade.

"2. The lowering of trade barriers so as to permit a maximum of freedom in private trading is the surest way to discourage greater government participation in foreign trade, and to combat isolationist tendencies which lead to increased Government intervention in domestic economies because of the shortages, surpluses and other dislocations which follow.

"3. Trade agreements with their provisions for the elimination of discrimination and the expension of reciprocal trade, reduce international economic friction and create an atmosphere of good will conductive to the maintenance of friendly relations."

The legislation which is under consideration, proposed by the late President Roosevelt and indorsed by President Truman, would, say Associated Press advices from Washington, April 23, continue the reciprocal trade act for three years beyond June 12, with added authority to cut duties 50% under the rates prevailing Jan. 1, 1945. The present act empowers cuts up to 50% of the rates prescribed in the 1930 Hawley-Smoot act.

Nelson A. Rockefeller, Assistant Secretary of State, who is in charge of Latin-American affairs, urged passage of the legislation in testifying before the committee, the Associated Press reported from Washington, April 19, and stated that improved economies in other nations would result in larger markets for American goods and not in destructive competition.

Despite Republican claims to the contrary, supporters of the legislation, according to Associated Press advices from Washington, April 19, expressed confidence that the appeal of Cordell Hull and the stand taken by President Truman had rallied sufficient strength to assure the new President a victory in his first congressional battle.

Truman Confers With Congressional Leaders

President Truman received a delegation of eight Republican Senators at the White House on April 18, according to Associated Press advices from Washington as of that date, thus giving indication of the hope he is said to entertain that accord can be had in working out the country's problems with understanding and foresighted provision. The delegation, consisting of Senators Taft of Ohio; White of Maine, the minority leader; Wherry of Nebraska, the Republican whip; Austin, Vermont; Bridges, New Hampshire; Bushfield, South Dakota; Millikin, Colorado, and Brooks, Illinois, told the President that they were willing to consult with him "at any time where prospects of differences over legislation appear," the Associated Press report continued.

The following day, according to special advices to the New York "Times" from Washington, April 19, the President conferred with the big four Democratic leaders in Congress, Senator Kenneth McKellar, President of the Senate; Speaker Sam Rayburn and Senator Alben W. Barkley and Representative John W. McCormack. Senate and House majority leaders, respectively.

President Truman made it known, the "Times" report states, that he would support energetically the program outlined by President Roosevelt, including pending legislation.

Later that day, according to an Associated Press report from Washington, April 19, Senator Barkley, the majority leader, called a conference of Democratic Senators which unanimously adopted the following resolution:

"Resolved, that the conference of the majority of the U. S. Senate shares with the people of the nation and the world the profound sorrow caused by the death of President Franklin Delano Roosevelt, who had for 12 years been the acknowledged leader of this nation, and who through that leadership had become a symbol of democracy and freedom throughout the world;

"Resolved further, that this conference tenders to the family of the late President its deep and abiding sympathy in this hour of their great bereavement;

"Resolved further, that this conference expresses its confidence in the new President, Harry S. Truman, who has assumed the great responsibilities of the office to which he has been called, and pledges to him its genuine and sympathetic cooperation in bringing the present war to a prompt and victorious conclusion, in establishing a just, honorable and permanent peace, and in so readjusting the economic processes incident to the post-war period as to bring to our nation and to the world the greatest possible happiness and prosperity.

"Resolved further, that a copy of these resolutions be transmitted to the family of the late President Roosevelt and to President Harry S. Truman."

FIC Banks Place Debs.

A successful offering of two issues of debentures for the Federal Intermediate Credit Banks was concluded April 18 by Charles R. Dunn, New York, fiscal agent for the banks. The financing consisted of $22,260,000 0.80% consolidated debentures dated May 1, 1945, due Nov. 1, 1945 and $29,900,000 0.87½% consolidated debentures dated May 1, 1945, due Feb. 1, 1946. Both issues were placed at par. Of the proceeds $46,140,000 were used to retire a like amount of debentures due May 1, 1945 and $6,020,000 was for new money. As of May 1, 1945, the total amount of debentures outstanding was $287,080,000.

Pax ex Machina

"We are at present in one of those crucial periods in the history of mankind. I am profoundly convinced that a free, secret ballot taken all over the world would reveal the earth's population voting eagerly and overwhelmingly for a world security organization. The visible evidences of suffering and devastation are before us with awful intensity. The mood of the world today is its one hope of being saved from a repetition of this holocaust. The time to take action is now.

"We have seen how easy it is for men of ill will to make capital out of the misfortunes of nations. We have seen them foment the conflict of rival nationalisms. We have seen how false ideologies, sown in hatred and fertilized by promises of revenge, lull entire peoples into mistaken beliefs. The death of National Socialism as a world power is no guaranty that other forms of the Fascist creed will not spring up with new poisons, new promises to struggling people that the millennium will be theirs if only they will hate their neighbors. . . .

"We know these things today. The problem is to make sure that we continue to bear them in mind clearly after war. . . .

"In my opinion the court [Permanent Court of International Justice] of which we hear so little, is the heart and soul of all our efforts. It represents, in truth, the ultimate ideal. The other matters are essential. They will be essential for many years. But if we do not lift our eyes and our hopes to the higher level of settlement of disputes by legal process, we have made little progress away from international rule by force alone."—Thomas E. Dewey.

It seems to us a matter of regret that the titular leader of "the opposition" so often fails to be realistic and constructive, and never seems to have a mind of his own free of bondage to popular conceptions—or should we say misconceptions.

How constructive he might have been had he in this instance employed his vast influence to lead his followers to understand the shortcomings, not to say the dangers, of the current mechanistic approach to future world problems!

Leaders Warn of Grave Commodity Shortages

A warning has been sounded by the Combined (American, British and Canadian) Production and Resources Board in a report of world-wide shortages of textiles, coal and trucks so acute as to possibly jeopardize the peace, Associated Press advices from Washington state, April 25, and continue:

The Board mentioned the general food scarcity as another cause for alarm, but it did not explore that problem.

It said, however, the overall pinch is so severe and widespread "as to affect the building of the kind of economic conditions upon which a secure peace can be founded."

The report was signed by J. A. Krug, War Production Board Chairman; Oliver Lyttleton, British Minister of Production, and C. D. Howe, Canadian Munitions Minister.

Krug said there is no "quick or easy solution" of the shortage problem in sight and added:

"It is only fair that we give this warning and point up its implications to everyone."

Among other things the report:

Predicted a world shortage of cotton textiles alone amounting to 1,250,000,000 yards a year.

Said only one-third of Europe's pre-war trucks are available to handle the tremendous supply problem resulting from disruption of rail transportation.

Termed liberated areas desperately short of coal, with stockpiles both in this country and in the United Kingdom down to less than one month's supply at the end of March.

Army Spending Slash Seen After V-E Day

A reduction of billions of dollars in War Department appropriations may result from early victory in Europe, according to Representative Snyder (D., Pa.), Chairman of a House subcommittee in charge of Army appropriations, it was stated in an Associated Press report from Washington, April 25.

"We are awaiting a final determination," he said, "as to how much the Army will seek as a result of the bright picture on the western front. If there should be a sudden victory in Europe the indications are that the reductions under last year may run into many billions."

It was also reported by the Associated Press that coincidental with Mr. Snyder's statement came an announcement from Under-Secretary of War Patterson that a "substantial" cut in Army supply orders would be made during the next 30 to 60 days, the curtailment to result from reduced consumption of certain items for the European theater and revised requirement estimates. However, Mr. Patterson said that the reduction "will not affect the continuing provision of ample support for further efforts in Europe and in the Pacific until all-out victory is assured."

The Army previously had announced suspension of construction of munitions and tank plants which could not be completed and put into operation by fall, the Associated Press report continued. The Army Air Forces also have announced a reduction in aircraft output.

A World Court Essential to Future Peace

(Continued from first page)

mendous question whether we have really learned that lesson.

Pope Pius XII in his Christmas message of last December warned mankind that: "There lies on all States and peoples the duty of doing everything to ban wars of aggression, once and for all time, as legitimate solutions of international disputes and as a means of realizing national aspirations. That duty brooks no delay, no procrastination, no hesitation, no subterfuge." The Pontiff said further: "If ever a generation has had to appreciate in the depths of its conscience the call to 'war on war' it is certainly the present generation. It has passed through an ocean of blood and tears wider and deeper than mankind has ever before encountered. It has lived through indescribable atrocities so intensely that the recollection of their horrors must remain stamped in its memory as the picture of a hell against which any one who cherishes a sense of humanity desires more than anything else to close the door forever."

In such words Pope Pius voiced the aspirations of all men of good will and welcomed the proposal of an organization for the maintenance of peace, one vested by common consent with supreme authority and with power to smother any threat of isolated or collective aggression. With humility and earnestness we pray that the men and women at San Francisco may achieve real progress toward an effective instrument to preserve the peace of the world.

We are at present in one of those crucial periods in the history of mankind. I am profoundly convinced that a free, secret ballot taken all over the world would reveal the earth's population voting eagerly and overwhelmingly for a world security organization. The visible evidences of suffering and devastation are before us with awful intensity. The mood of the world today is its one hope of being saved from a repetition of this holocaust. The time to take action is now.

Dangers of Fascism

We have seen how easy it is for men of ill will to make capital out of the misfortunes of nations. We have seen them foment the conflict of rival nationalisms. We have seen how false ideologies, sown in hatred and fertilized by promises of revenge, lull entire peoples into mistaken beliefs. The death of National Socialism as a world power is no guaranty that other forms of the Fascist creed will not spring up with new poisons, new promises to struggling people that the millenium will be theirs if only they will hate their neighbors.

The inevitable result of false ideologies is a teaching that leads nations to put material values above spiritual values to place the power of the State above the dignity of the individual, of the family or the community—of God Himself. The result is a nation of aggressors which as surely as night follows day means military aggression will come and a world again plunged into war.

We know these things today. The problem is to make sure that we continue to bear them in mind clearly after the war. We need above all things to bear constantly in mind that the State exists for the individual, to secure his welfare, his freedom and his opportunity.

A Time for Historic Decisions

Just now we all inhabit, as it were, a small island in time, a breathless period of confusion and historic decisions. Widely differing views are current about the status of nations, about economic and social concepts. We differ even about the extent to which the international organization shall be subject to concepts of basic justice. Some people doubt—wrongly, I believe—the capacity of such an organization even to make revisions aimed at an ever improving world order.

We are in this confused island of time because the pace of world events just now is so great as to make constructive thinking most difficult. Yet we need right now, more than ever before, a clear picture of exactly where we are going and of the ultimate ideal we seek to achieve.

The World Court All Important

The work of the San Francisco conference will be divided into four main steps. The first will deal with the preamble and statement of principles, the second with the assembly and its powers, the third with the Council and the fourth with the Permanent Court of International Justice.

The newspapers and radio have been filled with debates over the statements of principles. We have heard much of the problems of voting in the assembly, of the membership and veto powers of members of the Council. We have heard endless debates about procedure, the use of sanctions and the ultimate employment of armies, navies and air forces to keep the peace. But in all this discussion we have heard practically nothing about the Permanent Court of International Justice.

In my opinion the Court, of which we hear so little, is the heart and soul of all our efforts. It represents, in truth, the ultimate ideal. The other matters are essential. They will be essential for many years. But if we do not lift our eyes and our hopes to the higher level of settlement of disputes by legal process, we have made little progress away from international rule by force alone.

Let us look tonight at this problem of peaceful settlement, under law, of international disputes.

The problem of peace between men is age-old. In primitive society, when arguments arose, there was no higher court than the tooth and claw. But by the time of earliest recorded history there was already an organized attempt to put the moral teachings of religion and forces of law above the physical force of the individual. The opinion of the majority of the community was brought to bear and, however crudely, some kind of court administered some kind of justice.

As society became more highly developed, so did the legal rights of individuals, and disputes were taken as a matter of course to the established law courts of the community.

Of course we need a policeman in our own community and most certainly we need a policeman with all adequate force to prevent war in the world. But above the policeman there must be a court of justice.

It is for this reason that I believe that the fourth major part of the San Francisco conference, of which we have heard so little, is the part which will finally determine whether we have succeeded in starting down the true road to the final abolition of war. For the World Court is the conscience of mankind, determining, under principles of justice, the disputes which otherwise would bring down on us another holocaust. It represents the rule of reason over rule by force. This will not be achieved today, not fully, perhaps, for decades, but only if we work toward the concept of judicial settlement of all disputes, will we ever reach the goal.

Preponderance of a Few Nations

It would be folly to overlook the fact that a few nations hold an overwhelming preponderance of power in this world. But the rights of nations must not forever depend upon their natural resources in steel or oil or magnesium, or their ability to build navies or robot bombs. All statements of high principles or mechanics of debate and procedure will be worthless unless mankind comes some day to recognize that all peoples, great or small, have rights—Costa Rica as well as the United States, Panama as well as Russia, Belgium as well as Great Britain. The hope of the world today is to get on a staircase which leads to a higher level of international morality. The large and powerful nations must acknowledge the principle that as all individuals are equal before the law of their State, all nations are equal before the law of nations.

This international court will in no sense be a substitute for the world organization now being drawn together at San Francisco. Rather, it will be an integral part of it just as the judicial system is a part of our national government. What we hope for first is the fusing of mankind's aspirations into an international charter, defining principles of conduct as basic to the world organization as our Constitution and the Ten Commandments are basic to American life. Then, as the years pass, a body of international law will develop around that charter. The Assembly and the Security Council of the world organization will arrive at decisions in conference which will establish patterns of procedure and juristic justice which will develop the field of operation of the course within the framework of the international charter. There will then emerge a body of international law based on fundamental principles of morality and the Court will deal, not only as in the past with disputes on marginal matters, important as they may be, but with problems basic to the integrity of world order.

A System of International Law

It is conceivable that eventually the Assembly and Council will lay down laws with which the Court will deal in building the ideal of international justice. Then at last we shall have a system of law implementing the fundamental principles, defining how nations shall conduct themselves in their relations with each other. Included in that system of international law will be a code of morality, protecting minorities, safeguarding small nations, and emphatically outlawing the horrors against civilians which have recently been revealed as our armies marched through Germany.

Law cannot be established in a day. It cannot be perfected by a stroke of the pen or the enactment of a statute. Law is, of necessity, a slow growth if it is to endure. It requires constant correction of first mistakes, constant admendment and revision to meet changing conditions and progress of civilization. Our domestic laws are, in intent and purpose, nothing but constantly moving attempt at a code of fair dealing among individuals. International law strives for fair dealing among nations.

The first Permanent Court of International Justice still exists, although it has not functioned for seven years. To begin with, it was an adaptation of the basic idea of our own Federal system. It was the realization of a dream of centuries of great minds. Its origin is back in the history of ancient Rome when the Praetorian Court settled disputes between foreigners according to their own customs.

U. S. and An International Court

The last attempt to bring about American participation in the World Court was defeated in 1935 by a small but exceedingly vocal minority. The opposition seems strange in the light of history. For the Government of the United States has been on record in favor of the peaceful settlement of international disputes since the earliest days of the republic.

In more recent times a President of the United States instructed his Secretary of State, John Hay, to draft plans for a court to decide questions of agreement among all nations "excepting such as may relate to or involve their political independence or territorial integrity." That President was William McKinley, acting in 1899.

Out of that effort grew the Permanent Court of Arbitration at The Hague, which, as ex-Chief Justice Hughes has pointed out, was not a court at all but a panel. It was a register of persons from which nations wishing to arbitrate could pick arbiters of their choice. Because of this defeat President Theodore Roosevelt in 1907 instructed the delegates to the second Hague conference to propose: "a permanent court composed of judges who are judicial officers and nothing else, who are paid adequate salaries and who will devote their entire time to the trial and decision of international causes by judicial methods and under a sense of judicial responsibility."

The Hague Court of American Origin

The Permanent Court of International Justice was established in 1922, according to plans drafted by a commission of which Elihu Root was a member. Substantially it was the embodiment of Theodore Roosevelt's original idea. In December, 1925, Senator Irvine Lenroot, of Wisconsin, pointed out correctly on the floor of the Senate that "this court is American in its origin."

In 1929 Elihu Root entered the picture again. The opposition had succeeded in preventing any participation by the United States. Mr. Root submitted a plan for revising the statute of the court. With some modification it was adopted. President Hoover and Secretary Stimson signed the protocol but the Senate, as we know, never ratified.

In spite of this, the Permanent Court of International Justice decided many important cases. It is of fundamental importance that we realize today, that despite its weakness, this court handed down decisions which were the means of averting two wars: one, between Greece and Bulgaria in 1925; another, between France and Turkey in 1927.

It laid down important principles which established valuable precedents. It rendered service in defining the obligations of nations under treaties. The court's decisions have been codified by legal scholars and the volumes containing the result form an already substantial body of sound international law.

All arguments for and against our participation in the international court have been strictly non-partisan. For years the platforms of both major political parties have been unequivocally in favor of it. In 1935 a distinct majority of Senators wanted to ratify—the vote was 52 to 36. But the affirmative votes were less than the required two-thirds.

One principal argument of the opposition was that taking part in the Court would sacrifice our sovereignty. Now I don't know any one in this country who wants to scuttle the sovereignty of the United States of America.

Sovereignty, in the light of modern history, is the right to use inherent power to achieve the greatest good for the greatest number. It should be, and we hope it eventually will be effectively exercised so that no one nation can start a war against another over a dispute which a court of competent judges can adjudicate by the principles of ordinary justice. This would be the highest use to which sovereignty can be put. Certainly in our own country, the settlement of any dispute by force is not regarded by Americans as any settlement at all. In the long run there can and will be no other attitude by the peoples of the world. Force is necessary in order to back up law. But law must be supreme and the ultimate success of our efforts to achieve peace will depend upon the degree of acceptance we achieve for the fourth part of our San Francisco agenda — the establishment of a permanent court of international justice. Men everywhere, in overwhelming majorities in every nation, seek the peaceable settlement of all disputes. It is time we gave the expression of the conscience of mankind its proper place in the establishment of the international court. By all means we must settle, in the best possible way, all of the matters of procedure and use of power. But all these must ultimately be subordinate to peaceable settlement under international law or the aspirations of mankind will once again have been defeated.

This means that we must be prepared to subscribe to an international court which is not a panel of arbiters but a court of judges. As they build on the present substantial body of international law, there can and there must be increasing acceptance of the court's interpretation of international justice. We can, because we must, in order to preserve civilization, learn to accept the decisions of this court in all disputes between peoples and countries.

Only by pinning our ideals and our purposes to this, the highest of all aspirations, can we achieve a lasting peace, inspired by God in the reason of men.

Truman Confers on Plans for Economies

President Truman has been having a lengthy series of discussions with Senate and House finance leaders with a view to closer cooperation in the accomplishing of broad economies, a report to the New York "Sun" from Washington, April 25, stated. The report went on to say that Mr. Truman created the impression of having considerable detailed information concerning public expenditures at his command and of having very fixed ideas about the possibility of accomplishing large economies without any interference with the war program.

Mr. Truman discussed with Senators Bankhead and McKellar the question of whether to continue the Rural Electrification Administration in the Agriculture Department, or set it up as an independent agency, the New York "Sun" report continues. The Senators said they had not expressed their opinions, but had sought to get the President's view on the matter, and Mr. Bankhead added that the President had not yet made up his mind and needed more time to consider the problem.

Long a sore spot in the Government for its conduct in the sponsoring of what was termed in a recent Congressional investigation "adagio dancers hired to run our planned economy and amuse frightened citizens in raid shelters, hiring ex-convicts to discover perpetual motion" and spending millions on run-down electric plants to furnish light for a few handfuls of villagers, the REA is due for a real trimming.

Why the League of Nations Failed

(Continued from first page)

scientiously to find the causes of this deterioration. On the eve of the meeting at San Francisco called to build the framework of a new international organization it is well to take stock of the errors and failures of the first attempt in the hope that they can be avoided in the second.

The efforts of the League on political objectives failed through causes both spiritual and mechanical. It is not always possible to divorce the two; indeed, the best of mechanisms will fail without good will and honest effort to make it go. The worst of mechanisms may succeed if those two factors are present. I wrote some years ago that the League failed because human beings failed, and that maybe when you got a different kind of human being you could make a League function. Now I am convinced, however, that we have a different kind of human being to deal with. The lessons of this war are deeply learned. Certainly if the United States is any criterion, our people are far more realistic, far more understanding, and far more resolute in our determination to cooperate in an international undertaking for the maintenance of peace. We are far surer that such is the only hope of peace and that if this effort is allowed to fail again, this will be a grim world indeed for our children. By the same token, we are far readier to pay the price, if indeed it be a price, that we have to pay for such cooperation. One more word before I leave this phase of the subject. A mechanism is a dead thing. It has reality only when it is kept alive by enthusiasm, faith, and a determination to make it work. Whatever document issues from the San Francisco meeting is far less important than the state of mind of the peoples of the United Nations, and the duration of that state of mind. A document, whether Covenant, Agreement or Organization is but the first step. Peace can be maintained only at the cost of effort; painful and persistent, year by year, month by month, day by day.

I am not going to talk of phraseology and texts. We have a competent group of jurists and draftsmen in the American delegation. We need, therefore, to concentrate on the things we want to bring about rather than on the mere writing of those things into binding obligations. There has been vociferous discussion on the number of votes that delegations may have. The same discussion arose in the Senate in 1919 during the debate on the ratification of the Treaty of Versailles. And yet in the entire history of the League of Nations procedure following the Senate debate through 20 years, I am not aware of a single instance where a case was solved by simple voting procedure. I am speaking now of matters of international importance, not of procedural affairs. In international life it is a question rather of who votes how than of how many votes are cast. When the great powers were united on a course of action, that course nearly always prevailed, when the great powers were divided, that course was abandoned.

Defects of League of Nations

Now for the structural or mechanical deficiencies of the old Covenant of the League. The most widely discussed deficiency, and that most generally accepted, was the lack of force at its disposal to back up its decisions. Certainly that was a weakness. There can, I believe, be no body of law that will prevail without the ultimate sanction of force. Municipal law has that force behind it and civilian populations find it natural to bow to the law and to accept the use of force in its application when such becomes essential. The Dumbarton Oaks program recognizes this deficiency and makes provision for the eventual use of force if necessary. There may be divergencies of opinion as to the scope and exercise of force, there can be none as to the fact that the potentiality of force is essential in the application of law.

And yet here lies a profound difficulty. When we draw the analogy of the use of force in international life to its use in internal affairs, we have to admit that the analogy is not complete. Our internal life is governed by a body of law, and the individual knows what he may or may not do, within what limits he may act. Not so in international affairs, there is no generally accepted body of international law. To replace this lack, and starting from scratch, so to speak, we will have to regard as international law the *ad hoc* or spot decisions of the Organization when they are promulgated. The Organization will suffer in its earlier years through the lack of a codified and generally accepted body of law and precedent. One of the most urgent tasks of the new Organization will be such codification and assembly of precedent so that states will have, as individuals have, a behavior pattern duly prescribed. States must know as rapidly as possible the limits upon their hitherto untrammelled activities. They must know what are exactly the new obligations they are undertaking.

Force Overemphasized

But I don't want to overemphasize the factor of force. Indeed, I feel that it has been already overemphasized in our public discussion and perhaps as well in our private negotiation. It would be employed in the last event in any case. Force must be there potentially, but its use would mean that to a considerable measure the machine had failed, and had failed in what to me is its primary function. That function is conciliation. As I watched the proceedings in the League of Nations I was struck by the fact that the attempt at conciliation nearly always took place when a dispute had reached the proportion of a threat to the peace. In other words, when firm positions had been taken by the parties to the dispute, and when tempers and public opinion had become already inflamed. In the case of Manchuria the Japanese fell upon the Chinese in the Autumn of 1931. And yet every foreign office interested in the area had known for years before this date that the situation in that area was tense, that there was lively dissatisfaction on both sides with the existing conditions. In all this period no state brought this matter to the attention of the League, nor did any state call for that consultation provided under the Washington treaties to which we in the United States were a party. The dispute between Italy and Ethiopia as well was not brought to the attention of the League until blood had been shed and until Mussolini was far advanced on his plans for conquest.

Disputes are far easier to settle in their earlier stages. If you are a sensible man, you don't wait for a disease to reach a point where an operation is necessary before you consult a doctor. You go to him at the first symptoms of illness. In the same way a dispute with a neighbor can be better treated before the symptoms have become aggravated, and before the illness has festered. Thus in my opinion, every encouragement should be given at San Francisco for the raising of grievances no matter what their origin. The great states, the small states, the neutral states, yes even the former enemy states should have access to the Organization for the statement of grievances and for an endeavor on the part of the Member States to bring about conciliation. I profoundly hope that the Delegates to San Francisco will regard this function as the primary purpose of the United Nations Organization, and will see to it that this function is duly incorporated in the document.

The League's Rigidity

Another weakness of the League machine lay in its rigidity. The possibility of amendment was remote. Under Article 26 amendments had to be accepted by a majority of the assembly, but by all members of the Council. There was practical impossibility that an appeal for revision of existing treaties would ever be heard. It is true that Article 19 made specific provision for reconsideration of treaties, but this possibility was nullified by the unanimity rule for all decisions of the Assembly and Council not expressly excepted. This rigidity made the Covenant the bulwark for the maintenance of the status quo. At least it was the legal bulwark but no mere legal bulwark could prevent the explosion. Any framework for the maintenance of peace must recognize the possibility of change, whether that change lies in the relation between states, or in the framework of the Organization itself. Life is an evolution, international relationships are in continuous flux. If our machine shall endure it must be so constituted that it can adapt itself to these shifting relationships and to this evolution. To this end the simpler the form, the more flexible the design, the greater the hope that our new structure shall serve its purpose and shall endure.

The American delegation to San Francisco carries with it the hope and prayers of the American people. We wish it well, we pray for its success. We believe in an international body organized for the preservation of the peace and for the well being of the world. This is what our boys have been fighting for, and the meeting at San Francisco will bring about, God willing, the practical realization of that ideal.

Would Rid France of Mines With Germans

Assignment of 50,000 German prisoners of war to locate and remove hidden mines and boobytraps in France was recommended by a French Army expert, according to Associated Press dispatch from Paris on April 24, which added in part:

He estimated the job would cost 30,000 lives, and said he hoped "the majority of them will be the same Germans who sowed this deadly crop."

He pointed to headlines, becoming commonplace in the Paris and provincial newspapers, reporting such tragedies as "Five Children Blown to Pieces While Playing in Woods," 'Farmer Killed When Plow Hits Mine" and "Seven Killed, Twenty Injured as Old Ammunition Cache Explodes."

He said many mines were placed "for sheer viciousness" and not for military considerations, and that it would be a five-year task to remove the last of them. He said they are hidden in fields, along beaches and besides quiet country roads.

In addition to the more than 100,000,000 mines the expert said are known to have been planted (a team of two men can neutralize 20 mines in a day in ordinary cases), he estimated there are 250,000 unexploded but potentially dangerous shells beneath the soil, and 110,000 unexploded heavy aerial bombs—a total of about 800,000 tons.

Subsidies Extension Urged in Hearing

Legislation requiring the continued payment of subsidies until June 30, 1946, for the production of high-cost copper, lead and zinc, regardless of whether the higher priced production be needed for the war effort, has been passed by the Senate and sent to the House, according to advices in the "Journal of Commerce," Washington, April 22, which stated that the bill, sponsored by Senator Ernest W. McFarland (Dem., Ariz.), was opposed by State Department representatives.

The requirement that the metals subsidies be paid for another fiscal year is part of a Senate bill which authorizes the continued payment of subsidies from July 1, 1945 to June 30, 1946, by the Reconstruction Finance Corporation and its subsidiaries, the "Journal of Commerce" states. In the case of the other commodities affected, such as meat, butter, flour, rubber, petroleum and others, the bill is merely permissive and authorizes the payment of over-all sums of money for each of these commodities in the next fiscal year.

However, concerning high cost production of the three metals, which are subsidized through a "Premium Price Plan," the bill provides that "all classes of premiums shall be non-cancellable.

During hearings before the House Banking and Currency Committee, the "Journal of Commerce" states from Washington on April 25, Undersecretary of War Robert P. Patterson said that the Government subsidies now being paid would have to be continued until after Japan had been defeated. The following account of a part of the hearings was given by the "Journal of Commerce":

Not only is the War Department a large purchaser of subsidized products, but any elimination of subsidies on cost of living items which had the effect of raising wages would add tremendously to the cost of war contracts, Judge Patterson said. Prompt extension of the flour subsidy program, which already has passed the House but which has been delayed in the Senate, was also urged by the Undersecretary.

R. R. Sayers, director of the Bureau of Mines, then told the committee that the nation's easily accessible ore reserves were being depleted at such a rapid rate that "we will have to adjust our industry on account of it. I believe there will be considerable changes in costs of goods made from metals after the war because we are losing our easily mined ore," he added. In the not too distant future the country will feel the pinch of short supplies of coking coal, he said, because of iron ore depletion.

William C. Keeley, War Production Board official, and John D. Goodloe, general counsel for Reconstruction Finance Corp., each told the committee that they did not believe the non-cancellable provisions of the bill affecting copper, lead and zinc were necessary, but neither actively opposed this section of the bill. As passed by the Senate, the bill would require the continued payment of subsidies until June 30, 1946, the producers of copper, lead and zinc regardless of whether the higher priced production was needed for the war effort.

Mr. Keeley said that elimination of the non-cancellable provisions from the bill would not discourage production of copper, lead and zinc, and that in all probability maximum output will be required until the end of the war with Japan. Expressing his personal opinion, he said that he opposed subsidies for high cost mines after the final victory.

Touching on the subject of meat subsidies, Mr. Goodloe said that the $560,000,000 provided for this purpose in the Senate bill would probably have to be revised upward as a result of the Office of Price Administration's enlarged meat subsidy program. The amount of the increase would be revealed by OPA witnesses, who are scheduled to appear at later sessions, he said.

Chandler Elected to ANPA Presidency

William G. Chandler, Executive of the Scripps-Howard newspapers, on April 26 was elected President of the American Newspaper Publishers Association, succeeding Linwood I. Noyes of the Ironwood (Mich.) "Globe," who has retired. David W. Howe of Burlington (Vt.) "Free Press" was elected Vice-President.

The New York "Sun," in reporting this, added:

They were elected unanimously for one-year terms at a brief annual meeting of the organization, held in its headquarters, 370 Lexington Ave., New York. The usual convention was omitted because of wartime travel restrictions.

Norman Chandler of the Los Angeles "Times" was re-elected Secretary and Edwin S. Friendly, Vice-President and General Manager of the New York "Sun," was re-elected Treasurer.

Elected to fill the expiring term of directors were E. M. Antrim, Business Manager of the Chicago "Tribune"; J. S. Gray, publisher of the Monroe, Mich., "News"; F. I. Ker, publisher of the Hamilton, Ont., "Spectator," and William F. Schmick, Business Manager of the Baltimore "Sun."

Elected to succeed directors who resigned were Charles P. Manship of the Baton Rouge, La., "State-Times" and "Advocate," succeeding George C. Biggers of the Atlanta "Journal," and B. N. Honea of the Fort Worth, Tex., "Star-Telegram," to succeed Ted Dealey of the Dallas, Tex.," News." Both were elected for one year.

Koop for Censor Post

Announcement has been made by Director of Censorship Byron Price of the appointment of Theodore F. Koop as Assistant Director in charge of the Press Division, effective May 1, to succeed Jack H. Lockhart, who is returning to active newspaper work, according to Associated Press advices from Washington, April 25, which went on to state:

Lockhart, who was Managing Editor of the Memphis "Commercial Appeal" when he joined censorship more than three years ago, will be directly associated with John H. Sorrells, Executive Editor of the Scripps-Howard Newspapers, with headquarters in New York.

Koop served with the Associated Press in various parts of the country and with the National Geographic Magazine. He joined censorship three weeks after Pearl Harbor, and had served since then as special assistant to the director in charge of administrative, liaison and other activities. He was in uniform until recently as a Naval Reserve Officer.

Patton and Hodges Made Four Star Generals

The nominations of George S. Patton, Jr., and Courtney H. Hodges for promotion to the rank of full general from that of Lieut.-General were confirmed by the Senate, according to United Press report from Washington, April 25, which also stated that the following had been confirmed as Lieut-Generals: Joseph L. Collins, Oscar W. Griswold, Lucius D. Clay, Geoffrey Keyes, Edmund D. Gregory, Walton H. Walker, Levin H. Campbell, Jr., Wade H. Haislip and Eugene Reybold.

President Truman Addresses San Francisco Conference

(Continued from first page)

settle specific questions of territories, boundaries, citizenship and reparations.

This Conference will devote its energies and its labors exclusively to the single problem of setting up the essential organization to keep the peace. You are to write the fundamental charter.

Our sole objective, at this decisive gathering, is to create the structure. We must provide the machinery, which will make future peace, not only possible, but certain.

The construction of this delicate machine is far more complicated than drawing boundary lines on a map, or estimating fair reparations, or placing reasonable limits upon armaments. Your task must be completed first.

We represent the overwhelming majority of all mankind. We speak for people, who have endured the most savage and devastating war ever inflicted upon innocent men, women and children.

We hold a powerful mandate from our people. They believe we will fulfill this obligation. We must prevent, if human mind, heart and hope can prevent it, the repetition of the disaster from which the entire world will suffer for years to come.

If we should pay merely lip service to inspiring ideals, and later do violence to simple justice, we would draw down upon us the bitter wrath of generations yet unborn.

We must not continue to sacrifice the flower of our youth merely to check madmen, those who in every age plan world domination. The sacrifices of our youth today must lead, through your efforts, to the building for tomorrow of a mighty combination of nations founded upon justice for peace.

Justice remains the greatest power on earth.

To that tremendous power alone, will we submit.

Cooperation Essential

Nine days ago, I told the Congress of the United States, and I now repeat it to you:

"Nothing is more essential to the future peace of the world, than continued cooperation of the nations, which had to muster the force necessary to defeat the conspiracy of the Axies powers to dominate the world.

"While these great States have a special responsibility to enforce the peace, their responsibility is based upon the obligations resting upon all states, large and small, not to use force in international relation, except in the defense of law. The responsibility of the great states is to serve, and not dominate the peoples of the world."

None of us doubt that with Divine guidance, friendly cooperation and hard work, we shall find an adequate answer to the problem history has put before us.

Realizing the scope of our task and the imperative need for success, we proceed with humility and determination.

By harmonious cooperation, the United Nations repelled the onslaught of the greatest aggregation of military force that was ever assembled in the long history of aggression. Every nation now fighting for freedom is giving according to its ability and opportunity.

We fully realize today that victory in war requires a mighty united effort. Certainly, victory in peace calls for, and must receive, an equal effort.

Man has learned long ago, that it is impossible to live unto himself. This same basic principle applies today to nations. We were not isolated during the war. We dare not become isolated in peace.

All will concede that in order to have good neighbors, we must also be good neighbors. That applies in every field of human endeavor.

For lasting security, men of good-will must unite and organize. Moreover, if our friendly policies should ever be considered by belligerent leaders, as merely evidence of weakness, the organization we establish must be adequately prepared to meet any challenge.

Mutual Understanding

Differences between men, and between nations, will always remain. In fact, if held within reasonable limits, such disagreements are actually wholesome. All progress begins with differences of opinion and moves onward as the differences are adjusted through reason and mutual understanding.

In recent years, our enemies have clearly demonstrated the disaster which follows when freedom of thought is no longer tolerated. Honest minds cannot long be regimented without protest.

The essence of our problem here is to provide sensible machinery for the settlement of disputes among nations. Without this, peace cannot exist. We can no longer permit any nation, or group of nations, to attempt to settle their arguments with bombs and bayonets.

If we continue to abide by such decisions, we will be forced to accept the fundamental philosophy of our enemies, namely, that "might makes right." To deny this promise, and we must certainly do, we are obliged to provide the necessary means to refute it. Words are not enough.

We must once and for all, reverse the order, and prove by our acts conclusively, that right has might.

If we do not want to die together in war, we must learn to live together in peace.

With firm faith in our hearts, to sustain us along the hard road to victory, we will find our way to a secure peace, for the ultimate benefit of all humanity.

We must build a new world—a far better world—one in which the eternal dignity of man is respected.

As we are about to undertake our heavy duties, we beseech Almighty God to guide us in building a permanent monument to those who gave their lives that this moment might come.

May He lead our steps in His own righteous path of peace.

British War Costs

Britain has spent $109,600,000,000 during the war, paying roughly 50% of the expenses year by year. Sir John Anderson, Chancellor of the Exchequer, told Commons on April 24, according to advices from the Associated Press in London which went on to say:

Through taxation and savings, he said, at least 42% of the entire personal income in Britain has been marshalled to meet Government expenses, which in the 1944-45 fiscal year exceeded $24,000,000,000 for the first time in history.

The income tax alone brought in $5,268,000,000 during the year—$68,000,000 more than the previous year—Sir John said, lauding the pay-as-you-earn plan as a "great boon to the employee."

A treaty has been signed with the United States, he disclosed, with the view of providing relief from double taxation in cases where both countries have tax claims.

Pope Asks Prayers For Equitable Peace

In a letter from Vatican City, dated April 15, addressed to Roman Catholic bishops throughout the world, Pope Pius XII urged fervent prayers for an early ending of the war and for Divine guidance for the men to whom will be entrusted the making of a just and wise peace, Associated Press reports from Rome stated on April 18.

The Pontiff appealed for prayers on the part of all peoples everywhere, the reports continue, that when the terms of peace are being determined consideration be given to the need for wiping out cause for future discord and rivalry.

The Pope drew attention to the appropriateness of addressing supplications to the Virgin Mother during the month of May, a time consecrated to her, the Associated Press statement says. The following is an excerpt from the text of the letter as given:

"For this reason we sincerely desire that all elevate to God fervent and intense prayers and that children particularly during the month of May implore the Mother of Divine Wisdom to bestow supernatural assistance to those upon whose decisions rests the cause of all peoples. Let these men consider and attentively ponder before God that anything which might surpass the limits of justice and impartiality would certainly sooner or later be most harmful both to victors and vanquished, since therein would be hidden the seeds of new wars.

"We further desire that all those who willingly respond to our exhortation not to forget the sad condition of those who either as refugees or exiles for a long time anxiously have been waiting to see once again their homes, or those who as prisoners in concentration camps expect to see the establishment of a just liberty after the war, and finally those who lie sick in hospitals. To these unhappy ones and to all those others for whom the present conflict has been a source of suffering, may the most benevolent Mother of God concede celestial consolations and grant the strength of that Christian patience whereby the acutest sufferings become tolerable and make one worthy of eternal happiness.

"We charge you, venerable brothers, with the task of communicating these paternal exhortations and wishes to the faithful entrusted to your care. To them, and especially to you all and individually, we convey with the hope of celestial gifts and as a pledge of our benevolence, our Apostolic benediction.

"In Rome, Saint Peter's, on the fifteenth day of April, Sunday of Good Shepherd 1945, seventh year of our pontificate. Signed Pope Pius Twelfth."

New Stamp Commemorates San Francisco Conference

A new 5-cent postage stamp commemorating the United Nations Conference at San Francisco has been issued, states an Associated Press report from that city on April 25, and the first issue was bought by Secretary of State Stettinius for the stamp collection of the late President Roosevelt. The sheets of blue stamps with a quotation by Mr. Roosevelt, "Toward the United Nations, April 25, 1945," will be sent to the President's widow to be added to the famous collection at Hyde Park.

At Washington, according to United Press report from there, April 25, President Truman bought from Postmaster General Walker a block of the new stamp issue, which represented the first sale there.

Freeing Philippines Discussed by Senators

Senator Millard Tydings (D.-Md.), Chairman of the Senate Committee on Territories and Insular Affairs, stated that he had had a 45-minute discussion with President Truman of the matter of expediting Philippine independence and found that the President had already given considerable study to the question, according to an Associated Press report from Washington, April 25, which quoted Senator Tydings as saying:

"We are working on some matters which ought to help improve the economic position of the Philippines as fast as the military situation will permit. I found the President is anxious to carry out the law already enacted calling for independence not later than July 4, 1946, and sooner than that when conditions will warrant it, which I am sure will be before that ultimate date. We talked over how we could best accomplish a successful independence. . . .

"The ruin, devastation, lack of trade, lack of tax revenues, lack of shipping and the restoration of civilian government are all matters which will have to be dealt with to make independence a sure success."

As co-author of the Philippines Independence Act, Senator Tydings was reported by the Associated Press to be leaving for Manila within two weeks to study the islands' economic condition.

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on April 30 that the tenders of $1,300,000,000 or thereabout of 91-day Treasury bills to be dated May 3 and to mature Aug. 2, 1945, which were offered on April 27, were opened at the Federal Reserve Banks on April 30.

The details of this issue are as follows:

Total applied for, $2,048,660,000.

Total accepted, $1,314,334,000 (includes $49,536,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(61% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on May 3 in the amount of $1,315,758,000.

German Atrocities Denounced by Grew

German atrocities were denounced in no uncertain terms by Acting Secretary of State Joseph C. Grew when he announced that a special State Department mission was to go to Germany on an investigation of the treatment there of United States internees and prisoners of war, a report states to the New York "Times," April 27. Mr. Grew said that the State Department had been kept fully informed of the atrocities but that a special inquiry was warranted. The foreign services officers who are to visit the camps where internees and prisoners have been held by the Germans are Edwin A. Plitt and E. Tomlin Bailey, who will obtain first-hand information of the entire situation.

Wall Street Brokers 7th War Loan Goal

At a luncheon given by Fletcher L. Gill, Director of the Banking and Investment Division of the War Finance Committee, 470 Wall Street brokers and dealers boosted their self-imposed quota from $600,000,000 to $1,000,000,000 for the Seventh War Loan Drive.

The New York "Journal of Commerce" in reporting this, said:

Progress of the investment banking campaign will be depicted in a giant billboard, to be erected at the Sub-Treasury, which will show the "Tokyo Armada" of American planes approaching nearer and nearer to the Japanese capital as War Bond sales climb toward the $1,000,000,000 mark.

F. Kenneth Stephenson of Goldman, Sachs & Co., is Chairman of the Broker-Dealer Syndicate Committee directing the investment banking end of the drive; while other members of this committee include F. Malbone Blodgett, of Spencer Trask & Co.; Laurence M. Marks, of Laurence M. Marks & Co.; Ranald H. Macdonald, of Dominick & Dominick; John R. Montgomery, of Blair & Co., Inc., and Mason B. Starring, of Graham, Parsons & Co.

In addition to Mr. Gill, personnel of the Banking and Investment Division of the WFC includes F. Russell Esty, Deputy Manager; C. MacCoy, Director of Publicity, and Harry J. Miller, Statistician.

President at Pentagon

Breaking into a day filled with the usual heavy demands on his time, President Truman paid a surprise visit to the Pentagon Building, where he conferred at Army headquarters with Chiefs of Staff of the armed services and other ranking officials, thereby creating an atmosphere of excitement and anticipation throughout the capital, a report from Washington to the New York "Times" stated on April 25. With the President, according to the report, were Secretary Stimson, Joseph C. Grew, Acting Secretary of State; Gen. George C. Marshall, Chief of Staff; Fleet Admiral Ernest J. King and Fleet Admiral William D. Leahy. They were together an hour and 35 minutes.

In spite of general conjecture, no official statement of the purpose of the conference was made.

The President conferred with Secretary Stimson in the White House this noon for an hour, the "Times" report also mentioned, but whether this meeting was connected with his subsequent visit to the Pentagon was not disclosed.

On the same day President Truman signed his first appropriation bill, one providing $1,342,958,105 for the Treasury and Postoffice Departments for the fiscal year 1946, according to the New York "Times"; also a $2,373,837,128 deficiency bill for operating expenses of the Government for the fiscal year ending June 30.

Nazi Prisoner Labor Value

Major-Gen. A. L. Lerch, Army Provost-Marshal General, said in an article made public on April 24 that German prisoner of war labor has grown into a business which nets the Government $100,000,000 annually.

Associated Press advices from New York reported:

Major-Gen. Lerch said that private contractors paid the Government more than $22,000,000 last year for the use of German prisoners in this country, while the War Department realized a saving of over $80,000,000 in work done by the prisoners at Army installations.

Prisoner work for contractors totaled 10,181,273 man days of work for contract employers and 19,569,719 man days for the Army, the General added.

The State of Trade

(Continued from page 1974)

despite the overwhelming sheet steel backlogs.

The need for price relief was of prime interest in the steel industry this week, as producers rose up in arms at OPA's delay in fulfilling its long overdue promise to adjust steel prices. The Iron and Steel Advisory Committee, it is known, has been told by OPA that the whole problem will be settled by upward price adjustments on or about May 1. Whether this promise holds good remains to be seen, but an actual commitment to this effect has put OPA on record. The industry claims to be losing money on 70% of its carbon steel products.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 95.8% of capacity for the week beginning April 30, compared with 93.2% one week ago. This week's operating rate represents an increase of 2.6 points from last week's rate, and is equivalent to 1,754,700 net tons of steel ingots and castings, compared to 1,707,100 net tons last week and 1,782,300 tons one year ago.

Railroad Freight Loading—Carloadings of revenue freight for the week ended April 21, 1945, totaled 864,033 cars, the Association of American Railroads announced. This was an increase of 17,672 cars, or 2.1% above the preceding week this year and an increase of 25,326 cars, or 3.0% above the corresponding week of 1944. Compared with a similar period of 1943, an increase of 69,900 cars, or 8.8%, is shown.

Electric Production—The Edison Electric Institute reports that the output of electricity increased to approximately 4,411,325,000 kwh. in the week ended April 21, 1945, from 4,332,400,000 kwh. in the preceding week. Output for the week ended April 21, 1945, was 1.5% above that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 168,400,000 kwh. in the week ended April 22, 1945, comparing with 197,000,000 kwh. for the corresponding week of 1944, or a decrease of 14.5%.

Local distribution of electricity amounted to 163,800,000 kwh., compared with 196,500,000 kwh. for the corresponding week of last year, a decrease of 16.6%.

Coal, Coke and Crude Oil Production—For weekly coal and coke production statistics and daily average crude oil production figures for the week ended April 21, 1945, see subsequent pages of this section.

Lumber Shipments—The National Lumber Manufacturers Association reports that lumber shipments of 471 reporting mills were 4.2% above production for the week ended April 21, 1945, while new orders for these mills were 10.1% more than production. Unfilled order files amounted to 115% of stocks.

For the year-to-date shipments of reporting identical mills exceeded production by 8.4% and orders ran 15.2% above output.

Compared to the average corresponding week of 1935-39, production of reporting mills was 8.6% greater, shipments 2.7% greater, and orders 11.1% greater.

Paper Production—Paper production for the week ended April 21 was 90.7% of capacity, as against 87.4% of capacity for the preceding week, the American Paper and Pulp Association's index of mill activity disclosed. As for paperboard, production for the same period was reported at 98% of capacity, or an increase of one point over the previous week.

Silver—The London market for silver was unchanged at 25½d. The New York Official for foreign silver continued at 44¾c and 70⅝c. for domestic silver.

Business Failures Drop in Week—Commercial and industrial failures turned down in the week ending April 26, Dun & Bradstreet, Inc., reports, with 20 failures as compared with 24 last week and 41 in the corresponding week a year ago. For every two concerns failing in the comparable week of 1944, there was only one concern failing this year.

Large failures involving liabilities of $5,000 or more remained at 11, unchanged from a week ago, and were approximately half the 25 in the same week of last year. While small failures with liabilities under $5,000 dipped below last week's number, they also amounted to about half those a year ago.

Manufacturing, wholesaling and retailing all showed a decline in failures from the previous week and were between 25% and 50% lower than in the comparable week of 1944. In the construction field there were four failures in the week, as compared with one a week ago. Concerns failing in commercial service numbered two, the same as last week and a year ago. There were no Canadian failures against three in the previous week and one in the corresponding week of 1944.

Wholesale Commodity Price Index—The daily price index of wholesale commodities, compiled by Dun & Bradstreet, Inc., showed a mixed trend the past week. The index registered 176.67 on April 24, compared with 176.63 a week earlier and 172.28 at this time last year.

Food Price Index Unchanged—A drop of one cent put the Dun & Bradstreet wholesale food index for April 24 back to $4.10, the position it occupied for eight straight weeks prior to the rise in the week of April 17. The current figure contrasts with $4.02 for the same 1944 date, or a gain of 2.0%. Only potatoes advanced during the week, while sheep and lambs declined.

The index represents the sum total of the price per pound of 31 foods in general use.

Retail volume in almost every line for the country as a whole last week pointed up. Although women's wearing apparel continued to set the pace, men's wear and shoes were in favorable demand. Seasonal items, including plants, garden implements, and household equipment, were purchased in large numbers. Food volume was aided by the slightly improved selection of fresh vegetables. Movement was especially uneven in those lines where limited assortments prevailed.

Women's ready-to-wear and accessories sold very well, with suits and pastel toppers in chief demand. Brisk sales were also noted in basement departments. Dark sheers for every occasion and cotton dresses of all descriptions were good sellers. Play shoes as well as dressy ones were bought heavily. All types of millinery—small white hats, large brimmed black, and flower hats—were popular. Fur scarfs were not selling as favorably as a year ago. While volume in men's clothing and furnishing stores declined sharply below the previous week, it was above a year ago.

Piece goods continued to sell heavily as home sewing gained more popularity. Ribbon departments also reported increased sales volume. Retail furniture stores had more demand for staple merchandise, but dealers could offer little selectivity due to poor deliveries. Hardware, household items, and furnishings marked up a good volume. Summer floor coverings and selected gadgets, such as plant stands, flower pots, and ceramic figurines, were purchased in good quantities.

Food distribution remained steady with a year ago and was slightly above the previous week. Some canned items were still scarce but the rate of turnover has increased. No improvement was noted in meat and poultry supplies.

Retail volume for the country was estimated 7% to 11% above a year ago. Regional percentage increases were: New England, 3 to 7; East, 10 to 14; Middle West, 6 to 10; Northwest, 4 to 8; South, 9 to 13; Southwest, 5 to 10; Pacific Coast, 7 to 11.

A degree of conservation continued to characterize wholesale trading in the week past. It was interesting to note that despite shortages this year of a number of medium-priced and staple goods, wholesalers' sales closely approximated those of last April. Relatively heavy demands on the part of small retailers boosted the number of orders and volume. Orders are being filled only partially for dry goods and men's and women's furnishings, and delivery delays, coupled with low inventories, remain a pressing problem to most retailers.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 18% ahead of that of a year ago for the week ended April 21, 1945. This compared with a gain of 3% in the preceding week. For the four weeks ended April 21, 1945, sales increased by 3%, and for the year to date by 14%.

Here in New York retail trade last week reflected a good volume of business. A slight increase in wholesale grocery volume was noted as dealers began marketing some of their surplus stocks. Some letup in retail furniture volume was apparent in the past week, though buyers actively sought goods through fear of possible cuts in allotment quotas by manufacturers due to growing lumber shortages. In the apparel trades the greater part of the week was given over to preparations for the effective date of M-388 on Tuesday past. A few apparel manufacturers, it was understood, planned to display fall lines from "free goods" from May 15 to June 1.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to April 21, 1945, increased by 19% above the same period of last year. This compared with a gain of 6% in the preceding week. For the four weeks ended April 21, 1945, sales rose by 6%, and for the year to date by 15%.

Mertens Appointed to Banking Department

Elliott V. Bell, Superintendent of Banks, announced on May 1 the appoitment of William Mertens, Jr., as Deputy Superintendent and Counsel of the New York State Banking Department. Mr. Mertens succeeds John Frank Wood, who is now on military leave.

Mr. Mertens has been law secretary to Justice Isidor Wasservogel of the Supreme Court here since January, 1942. Prior to that Mr. Mertens was a Deputy Assistant District Attorney, attached to the Rackets Bureau, when Governor Thomas E. Dewey was District Attorney of New York County. From August, 1934, to January, 1938, Mr. Mertens was associated with McLaughlin & Stickles of New York City.

Mr. Mertens was born in New York City on May 20, 1910. He was graduated from Wesleyan University, Middletown, Connecticut, in 1931, and from Harvard Law School in 1934.

Up Mail Weight Limit For Greece

Postmaster Albert Goldman announced on April 21 information has been received from Washington that, effective at once, the maximum weight limit for letters as well as for articles of printed matter mailed to Greece (including Crete) is increased to 4 pounds 6 ounces. Registration is permitted.

Letters and packages prepaid at the letter rate of postage (5¢ for the first ounce, 3¢ for each additional ounce) may not contain merchandise of any kind.

The service for printed matter (rate of postage, 1½¢ for each 2 ounces or fraction) is restricted to:

(a) Periodicals and newspapers mailed directly by a publisher or agent in this country to a publisher, agent or subscriber in Greece.

(b) Other articles conforming to the conditions applicable to printed matter, mailed directly by a publisher or commercial firm.

Forwarding or remailing any article of printed matter for Greece is prohibited. Publications containing technical data must comply with the licensing requirements of the Foreign Economic Administration.

Allied Armies Meet

A great moment in history took place with the meeting of the Anglo-American armies under the command of General Eisenhower with the forces of Soviet Russia on the banks of the Elbe River, and the Allied leaders of the world gave voice to the deep significance of this moment. All over the Soviet Union mass meetings were held, as reported to the New York "Times" from Moscow, April 28, and the greatness of the event to these people was expressed in the words of their General Blagonaroff, who said: "Torgau is a sacred bivouac on the last march to victory."

From Washington came a statement from President Truman, according to the Associated Press report from there on April 27, who said, among other things: "The union of our arms in the heart of Germany has a meaning for the world which the world will not miss. . . . Nothing can divide or weaken the common purpose of our veteran armies to pursue their victorious purpose to its final Allied thiumph in Germany."

Prime Minister Churchill, in a message to President Truman and Marshal Stalin, said the United Press reported from London, April 27: "We meet in true and victorious comradeship and with an inflexible resolve to fulfill our purpose and our duty. Let all march forward upon the foe."

In his order of the day, as reported by the Federal Communications Commission, Marshal Stalin broadcast from Moscow, April 27: "Long live the victory of the freedom-loving nations over Germany!"

General Bradley, to our own troops said, according to the Associated Press from Germany, April 27: "The people of America, who armed you, have had great faith in you. You have justified that faith, as you will in the battles that follow."

Offices Appropriation

Congress has sent to the White House a $3,000,000,000 independent offices appropriation bill, according to Associated Press advices from Washington, April 25, which added that the sum included $17,500,000 to help States, counties and cities draw up plans for job-giving post-war public works.

English Gold and Silver Markets

We reprint below the quarterly bullion letter of Samuel Montagu & Co., London, written under date of April 3.

Gold

The amount of gold held in the Issue Department of the Bank of England was unaltered at £241,718.

The Bank of England's buying rate for bar gold remained unchanged at 168/-per fine ounce, at which figure the above amount was calculated.

The gold output of the Transvaal for the months of January and February 1945 is given below, together with the figures for the corresponding months of 1944 for the purpose of comparison:

	1945 fine ounces	1944 fine ounces
January	1,029,384	1,029,398
February	965,569	969,017

Silver

The new method of quoting silver in the London market announced at the end of 1944, came into effect on Jan. 2, 1945, when the official price was fixed at 25½d per ounce .999 fine for both cash and two months' delivery, this showed a slight advance as compared with the old price of 23½d per ounce standard (.925 fine), which is equal to 25.38d per ounce .999 fine.

Throughout the first three months of the year the price remained unaltered at the new figure and there was no change in market conditions. Supplies continued to be made available at the official price by the authorities and small offerings were forthcoming from production sources, the silver from both quarters still being strictly reserved for the requirements of essential war industries.

In Bombay, prices showed a fairly wide variation, but both the highest and lowest for three months under review were recorded in January, the highest was Rs. 133.2.0 and the lowest Rs. 119.12.0 per 100 tolas, giving sterling equivalents of about 64d and 57½d per ounce .999 fine respectively. Sales of silver continued to be made in the market by the Reserve Bank of India, otherwise the main feature appears to have been the periodic reactions to the war news from the various fronts.

Senate Extends Draft Law for One Year

The Senate on April 24, by a voice vote, passed a bill to extend the Selective Service Act to one year beyond the expiration date of May 15, after adopting an amendment, by a roll call vote of 50 to 25, that 18-year-olds must have six months of training before combat. The proposal to end the drafting of men over 31 after May 1 was rejected.

The measure now goes back to the House, which had previously passed the bill in its present form without the amendment.

The Senate also voted down on April 23 an amendment requiring a year's training for boys under 20, after Gen. George C. Marshall in a letter to Senator Thomas (Dem.-Utah), Chairman of the Senate Military Affairs Committee, strongly opposed any Senate action that would compel the Army to train all draftees under 20 for at least one year in this country.

However, General Marshall did say that as soon as military conditions permit, the Army will adopt a policy of sending overseas no soldiers younger than 19.

President Truman had indirectly expressed his desire to have the bill extended for another year in its present form.

NY State Chamber Warns Against Use of Anti-Trust Laws to Control Railroad Rates

Warning that use of the anti-trust laws to control railroad rates could destroy the regulatory powers of the Interstate Commerce Commission, a report made public by the Chamber of Commerce of the State of New York on May 1 urged Congress to enact legislation which would exempt Commission-approved rate making agreements and the railroads making them from the application of the anti-trust statutes.

"Recently the Department of Justice has attacked the railroads for violating the anti-trust laws," the report said. "A suit filed in Nebraska during August, 1944, charged that 47 railroads, and 90 railroad and banking officials, were in a conspiracy to restrain and monopolize transportation in Western United States. This action was followed on March 26, 1945, by the United States Supreme Court agreeing to consider the State of Georgia's complaint that the railroads have violated the anti-trust laws by conspiring to establish and maintain rates which discriminated against Georgia and its citizens. The anti-trust laws had already been used to undermine state regulation of railroad rates, although such regulation is made by an experienced Federal administrative agency which was created and has long functioned for that purpose."

Defending the necessity of cooperative action among the railroads to establish reasonable and non-discriminatory rates, the report, which will be presented by Arthur M. Reis, Chairman of the Committee on Internal Trade and Improvements, at the meeting of the Chamber on May 3, continued:

"It has always been considered that the principal objections to cooperative price fixing aimed at by the anti-trust laws, i.e., unreasonable and discriminatory prices when competition is not present, are avoided and the public is protected by the power of the Interstate Commerce Commission to rule upon the rates, prohibit excessive or discriminatory charges, and prescribe rates which are just and reasonable. The decision therefore that the courts may entertain an action alleging violation of the anti-trust laws in the concerted fixing of freight rates, and apparently may consider whether discrimination results from rates so established, appears to foreshadow a use of the anti-trust laws to control railroad rates and a destruction of the regulatory authority of the Commission."

The report approved the bill introduced by Representative Bulwinkle (H R 2536) which would give the railroads the desired exemption from the anti-trust laws.

A second report of Mr. Reis's committee opposed the efforts of the Southern Governors Conference "to secure more favorable freight rates through legislation or political maneuvers when a long established and judicial method is available through the Interstate Commerce Commission."

Phone Output Quotas End

Orders have been revoked by the War Production Board fixing quotas for production of telephone instruments and limiting installations of new telegraph and teletypewriter service, according to advices by the Associated Press from Washington, April 27, which goes on to say that installation of new telegraph and teletype service had been limited by Order U-6 to specified essential users since June, 1943.

The WPB's Office of War Utilities said the revocation means that as materials are available telegraph operators will be free to install new facilities to meet all requests for service, according to the Associated Press.

Cancellation of telephone instrument production quota order was explained by Edward Falck, OWU director, as a "step toward meeting the present unsatisfied demand for telephone service." He said that with an estimated total of 2,720,000 applications for service, current production schedules will supply only 1,220,000 instruments this year. Elimination of quota restrictions will put manufacturers in a position to increase their output to the limit of available manpower and materials, he said.

Senate Passes Cut in Gold Reserve Ratio

Senate on April 26 passed legislation which cut the gold reserve ratio in the Federal Reserve Banks 25% of their deposits and notes in circulation.

The Associated Press reported from Washington:

Under present law, the banks must maintain gold reserves equal to 40% of notes in circulation and 35% of deposits.

The legislation also:

1. Extends indefinitely the authority of Federal Reserve Banks to pledge Federal securities against Federal Reserve notes issued by the Federal Reserve agents.

2. Repeals the 1933 authorization for issuance of Federal Reserve bank notes which require no gold backing. About $600 million of such notes have been issued.

3. Repeals the 1933 authorization for issuance of up to $3 billion in U. S. "greenback" notes. This authority was never used.

Inv. Bankers Finish Plans for N. Y. Fund

Fifteen banking executives, serving with the Investment Bankers Division in the 1945 appeal of the Greater New York Fund, met at the Pine Street offices of George J. Leness, partner in the firm of Merrill, Lynch, Pierce, Fenner and Beane, Division Chairman, to complete plans for their participation in the appeal.

J. Stewart Baker, Chairman of the Board of the Bank of the Manhattan Company, New York, general campaign Chairman and Harry M. Addinsell, Chairman of the executive committee of the First Boston Corp., who is serving as Chairman of the Fund's Finance Section, addressed the group.

The Division, which topped its quota in the 1944 appeal, already has completed organization for this year's campaign, which begins May 2 with a dinner at the Hotel Astor, at which Governor Thomas E. Dewey will be the principal speaker.

The 408 voluntary hospitals, health and welfare agencies which the Fund helps support, serving 2,500,000 persons annually, must obtain $22,500,000 this year through voluntary contributions. In its appeal to business concerns and employee groups, the Fund asks for a minimum of $4,500,000 as business's share.

Franking Privilege for Mrs. Roosevelt

The Senate-approved bill giving Mrs. Franklin D. Roosevelt the franking privilege for free use of the mails, a traditional Congressional courtesy to Presidents' widows, was passed by the House, according to Associated Press advices from Washington, April 25,

Congressional Group Approves Reserve Cut

The House Banking Committee has approved legislation to reduce reserve requirements of Federal Reserve Banks, according to an Associated Press report from Washington, April 23. Under the measure reserves would be lowered from their present level of 40% in gold certificates against Federal Reserve notes in circulation and 35% in gold certificates or lawful money against deposits, to a uniform minimum of 25% in gold certificates against combined note and deposit liabilities.

The legislation also removes the authority of the banks to issue Federal Reserve Bank notes and make permanent their authority to issue ordinary Federal Reserve notes against the deposit of Government bonds, the Associated Press report states. Similar legislation was reported by the Associated Press from Washington, as approved by the Senate Banking Committee on March 14.

Emphasize War Role of American Shipping

The importance to victory of adequate shipping facilities was stressed by Frank J. Taylor, President of the American Merchant Marine Institute, in a statement at New London, April 25, which appeared in the "Journal of Commerce." Pointing out that the "strategy of our high command has been dependent upon available merchant shipping," Mr. Taylor stated that America has been able to maintain a successful offensive because of our gigantic shipping effort.

"Only recently Fleet Admiral Ernest J. King declared that 'lack of ships was one of our pre-war weaknesses,' retarding the impact of our armed services overseas and on the seas; and that only when this was corrected were our military objectives attained and eventually brought near," Mr. Taylor stated, according to the "Journal of Commerce" report, which continued that he had pointed out that the American Merchant Marine already contains "a large proportion of fast, post-war type vessels which will be operated when peace comes." It is to the C-type vessels, new Victory ships and the large fleet of specially designed troop transports that American operators "are looking for post-war operation on our various trade routes," he said. "As soon as conditions permit they will be supplemented with fleets of brightly painted new liners."

Appointments to Small Business Committee

The appointment of ten new members to the Department of Commerce Small Business Advisory Committee by Secretary Henry A. Wallace was announced on April 18 from Washington by the Associated Press, which further said:

The new members are: Ivan Allen, Sr., wholesale office supplier, Atlanta; Vincent L. Browner, retail grocer, Des Moines, Ia.; W. E. Harbor, banker, Shawnee, Okla.; Lou E. Holland, head of an engraving company, Kansas City; E. H. Lane, furniture, Altavista, Va.; A. W. Lutz, wholesale grocer, Wilmington, Calif.; John R. Pinkett, insurance, Washington, D. C.; Walter Ringer, garment manufacturer, Minneapolis; Morris S. Rosenthal, importer, New York City, and George Rupple, milk processor, Shawano, Wis.

The total number of members of the Committee which Mr. Wallace established on March 2 is now 16.

Commerce Chamber Urges Congressional Financial Control of Govt. Corporations

Financial control by Congress of the huge network of Government-owned corporations, many of which operate over a wide range of business activity involving the expenditure of billions of dollars, is urged in a report of the Executive Committee of the Chamber of Commerce of the State of New York which will be acted upon at the annual meeting on May 3.

The report pointed out that these corporations, into which the Government has put about $37,000,000,000 of public funds since their inception, pay no taxes and largely are immune from Government restraint.

There were at least 42 such corporations, with outstanding loans of nearly $7,000,000,000 and a net deficit in excess of $14,000,000,000 as of Sept. 30 last, the report said. The extent to which these Government agencies compete with private enterprise is shown by the fact that "this sum loaned was approximately 28% of the outstanding loans of all of the 14,553 banks in the United States as of June 30, 1944."

"Clearly an investigation of the growth in number, scope and extent of this type of Government agency is timely if not overdue, particularly in view of the recent suggestions of the National Resources Planning Board that the Federal Government establish a hybrid type of Government-private enterprise corporation to carry out post-war plans."

The report approved Senator Byrd's bill to regulate Government-owned corporations and said in conclusion:

"While there may be justification for Government corporations during an emergency, such as a war, the use of this device with any exemptions from accounting laws and budgetary requirements is unnecessary and fraught with danger. No agency should be permitted to account only to itself for the use of public money. Without adequate supervision and control its objectives may depart widely from Congressional intent. Legislation should be enacted to remedy this situation."

ABA Machinery for Elections in Absence of Conventions

Acting to assure ABA members in the 49 states of the continuation of their opportunity to elect representatives to the councils of the American Bankers Association in spite of the wartime ban on meeetings, the Administrative Committee of the Association in session in New York adopted an arrangement for election of members of the ABA Executive Council and of its nomination committee, and of a vice-president from each state for each of its four divisions. These are the National Bank Division, the State Bank Division, the Savings Division, and the Trust Division.

The Executive Council is the governing body of the Association, consisting of 124 bankers, 97 of whom are elected by member institutions, 12 of whom are appointed by the president and 25 of whom are ex-officio members. Twenty-seven members from 24 states are to be elected to the council this year.

Mussolini Executed

Benito Mussolini met his end by execution by Italian Partisans who shot him, his mistress, and a dozen other members of the Fascist party, a report to the New York "Times" from Milan, April 29, stated. The body of the former dictator was dumped with the others onto a public square at Milan and left there to be reviled and disfigured by the people who had been brought to ruin by his lust for power.

Dr. Leslie to Direct Fair Trade Council

The directors of American Fair Trade Council announced the appointment of Dr. Gary Leslie as Executive Vice-President in general charge of the activities of the organization. Dr. Leslie is an attorney and a recognized authority on industrial economics. For ten years, prior to 1943, he was economist for the American Petroleum Institute's Industries Committee. In accepting this appointment, he said:

"Although Fair Trade laws are on the statute books of 45 states American business still has much to learn about the advantages of standardized resale prices on trade-marked products. These laws have a stabilizing effect on our whole commercial system. Their value will become increasingly evident as we turn from a seller's to a buyer's market after the war. It is a privilege to devote my full time to helping the manufacturers of branded, advertised goods to operate more effectively under these statutes and to creating a better consumer understanding of the principles of Fair Trade."

Congress Must Set Prisoner Treatment

Brigadier General R. W. Berry, an aide to General George C. Marshall, placed squarely up to Congress the question whether atrocities against United States prisoners of war in Germany should bring lower standards for German prisoners in this country.

General Berry, Deputy Assistant Chief of Staff, on April 26 told the House Military Affairs Committee inquiring into alleged "coddling" of German prisoners that the Army is legally bound to treat German prisoners in accordance with the Geneva Convention. If there is to be a change, it must be made by Congress, not by the Army, reported the United Press from Washington on April 26.

Meat Situation Critical

The meat situation in the United States threatened to become a major issue, and Chairman Elmer Thomas (Dem.-Okla.) of the Senate Food Investigating Committee said that the Senate will take steps to try to amend the price-control extension bill if the Office of Price Administration does not provide immediate relief to meat packers from present regulations, the United Press reported from Washington, April 28.

The Administration's new 10-point program has been criticized to the committee as being inadequate to bring relief, the Associated Press said from Washington, April 27.

No Combat for 18-Yr. Olds

Legislation extending the draft law and including a Senate restriction on the combat use of 18-year-old inductees until they have had at least six months' training, which the House approved by a unanimous voice vote, has been completed and sent to the White House, according to an Associated Press report from Washington, April 27.

Steel Output Again Increased—Producers Await Pattern of Cutbacks in War Needs

"Last minute developments in the steel picture early this week gave evidence that the characteristics of the heavy steel order volume for war materials would be changed substantially in the near future," states "The Iron Age" in its issue today (May 3), which further says: "The steel industry as a whole early this week had accepted VE-Day as a foregone conclusion.

"While the drop in order volume is expected to be only temporary during the period in which cutbacks are implemented, the whole pattern of finished steel production and shipments will be somewhat different than it was when heavy war production predominated. Obviously, first call on the nation's steel supplies will go to requirements needed to finish the Pacific War. It is in that segment of steel supplies over and above those needed for the Japanese War where the greatest change in production patterns will materialize.

"Actual reconversion in the steel mills presents no difficult problem. The major stumbling block, which will be temporary, centers on the unbalance of steel product schedules because of order suspenions and cancellations. The Armed Forces will move slowly at first in sharply reducing their needs, but within the next three months a secondary wave of military cutbacks is expected by many authoritative quarters.

"Probably dashing cold water on any hopes for immediate large-scale production by manufacturers of ordinary civilian items made from steel is the almost certainty that more than half of the steel to be released by military cutbacks will go to the railroads, farm implement industry and other essential civilian manufacturers. It is estimated that these consumers will be given about 1,500,000 tons of the steel to be released during the three-months period after VE-Day. The balance amounting to more than 1,200,000 tons of steel may be available for other than essential needs, but this tonnage does not give rise to any hopes of large scale civilian activity in the near future.

"While the automobile industry is reported to have already placed orders on an if-as-and-when basis for approximately 300,000 tons of sheets, there is little indication in the trade as to how soon such tonnage can be produced. Sheet backlogs and current sheet demand for war purposes are so heavy as to pose a serious problem, if automobile sheets are to be produced in any quantity in the near future.

"The steel price situation this week was slowly moving toward the point of actual announcement by OPA of permissible increases. OPA has approved a hike in many steel prices but its decision must be cleared with "higher ups" in the Government. An announcement is expected by about May 15."

The American Iron and Steel Institute on April 30, announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 95.8% of capacity for the week beginning April 30, 1945, compared with 93.2% one week ago, 96.9% one month ago and 99.5% one year ago. The operating rate for the week beginning April 30 is equivalent to 1,754,700 tons of steel ingots and castings, compared to 1,707,100 tons one week ago, 1,774,900 tons one month ago, and 1,782,300 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on April 30, stated in part as follows:

"Steel producers await with keen interest development of the pattern of cutbacks in war programs, following official prediction of a 15% curtailment within the first three months after V-E Day.

"Reduction in requirements for ships and tanks and the more recent cuts in aircraft are fairly well established and particularly with regard to ship construction steel producers believe they can gage future prospects with reasonable assurance. Other programs of less importance also seem to be on the wane, but much room still is left for uncertainty especially with regard to heavy shell work, which now dominates the entire steel program.

"A recent cutback in certain types of shells, of about 10%, indicated a leveling of needs, but leaves a tremendously heavy schedule, which, as long as it is maintained, not only will consume large quantities of steel but will have special bearing on certain types of steel products, including bars, seamless tubing, shapes and rails. Definite programs for the future are difficult because of changes in the war situation but it is believed that certain further broad details will be revealed soon. Latest information indicates substantial reduction in pressure for M-4 tanks, some types of artillery and mortar shells.

"Evidence is increasing that railroad equipment, agricultural machinery, oil and utilities will benefit first from any appreciable easing in war requirements, with special attention also directed to providing machinery for resumption of at least limited civilian automobile production soon after the end of the European war.

"Steel deliveries show little change and in some products are available only late in the year or early next year. Plates can be had in July and August but sheets are sold well toward the end of the year and in some cases as late as January. Bars are also sold into next year by some producers. Shapes are holding up unexpectedly well in absence of general construction and can be obtained in August and September.

Barkley Assuming Leadership in Congress

President Truman has adopted the system of working through Senate Majority Leader Barkley (Dem., Ky.), who also holds the respect of his Republican colleagues, with respect to the introduction of major legislation, according to an Associated Press report from Washington, April 19, which states also that in the House a similar method will be employed through Speaker Rayburn (Tex.) and Majority Leader McCormack (Mass.). It is anticipated that where practicable, Mr. Truman, who has had ample opportunity to learn the value of compromise, may be expected to yield to their appraisal of Capitol Hill sentiment.

The three men have received unofficial assurance, the Associated Press states, that a full opportunity will be afforded them for discussing in advance major legislation, in the hope that thus a maximum of cooperation between the executive and legislative branches of the Government may be achieved.

Senator Barkley summoned Democratic Senators to a conference designed to bring support to the new President, the Associated Press account stated.

German Radio Reports Adolf Hitler Dead

The Hamburg radio announced on May 1 that Adolf Hitler died this afternoon and Grand Admiral Karl Doenitz proclaimed himself the new fuehrer by Hitler's appointment and said that the war would continue.

The text of the order of the day issued on May 1 by Doenitz to the German armed forces, broadcast by the north German radio network and reported by the Federal Communications Commission was given in the New York Times on May 2, as follows:

German armed forces, my comrades:

The Fuehrer has fallen.

Faithful to his great ideal to save the nations of Europe from bolshevism, he has given his life and has met a hero's death. In him one of the greatest heroes of German history has departed. With proud respect and grief we lower our standards.

The Fuehrer has designated me to be the head of the state and supreme commander of the armed forces. I take over the supreme command of all branches of the German armed forces, resolved to continue the struggle against the Bolsheviks until the fighting men, until the hundreds of thousands of families of the German east are saved from bondage and extermination.

Against the British and Americans I am bound to continue to fight as far and as long as they impede me in the continuation of the struggle against the Bolsheviks. The situation demands that you, who have already achieved such great historic deeds and who are now longing for the end of the war, persevere in your unconditional readiness for action.

I demand discipline and obedience. Only by unquestioning compliance with my orders will chaos and downfall be avoided. Whoever evades his duty at this hour is a coward and a traitor, for he brings down death or enslavement on German women and children.

For every single one of you the oath of loyalty to the Fuehrer is transferred straight to my person as the Fuehrer's appointed successor.

German soldiers! Do your duty! The existence of our people is at stake.

NY Chamber Nominates Lincoln President

Leroy A. Lincoln, President of the Metropolitan Life Insurance Co., has been renominated for President of the Chamber of Commerce of the State of New York for a second term of one year, it was announced on April 29 by Roy E. Tomlinson, Chairman of the Nominating Committee, in making public the slate for the 1945-1946 fiscal year. The elections are being held at the 177th annual meeting on May 3.

John D. Rockefeller, Jr. headed a list of three new Vice-Presidents nominated for four-year terms. Named with him were George W. Bacon, Chairman of Ford, Bacon & Davis, and James G. Blaine, President of the Marine Midland Trust Co., New York.

William J. Graham, Vice-President of the Equitable Life Assurance Society of the United States, and William B. Scarborough were renominted for Treasurer and Assistant Treasurer, respectively, and B. Colwell Davis, Jr. for Executive Secretary.

Peter Grimm, President of William A. White & Sons, was named for Chairman of the Executive Committee to succeed Robert F. Loree who was nominated for one of three members-at-large of the committee; Leon O. Head and J. Barstow Smull were renominated.

Truman Asks Wallace To Study Patents

An investigation directed by Secretary of Commerce Henry Wallace on the misuse of patents to support unlawful monopolies was started on April 26 by the request of President Truman to Mr. Wallace.

Associated Press advices from Washington announced:

The White House made public a letter in which the President asked Mr. Wallace to study patent uses in cooperation with the Attorney-General, Stabilization Director Davis, the Office of Scientific Research and Development, and the Chairman of the National Patent Planning Commission.

The letter to the former Vice-President follows:

"My dear Mr. Secretary:

"Much has lately been said and written to suggest that the patent statutes do not in all respects serve the constitutional purpose to promote the progress of science and useful arts, and that patents have been misused to support unlawful monoplies in contravention of the purposes of the anti-trust laws.

"I believe the Congress would welcome such assistance as the executive branch of the Government might be able to give in presenting the results of a full and objective study of the operation and effectiveness of the patent laws and their relation to the purposes of the anti-trust laws and to the post-war economy, together with specific proposals for such legislation as may seem to be appropriate. Thus far the several departments of the Government have made no concerted effort to formulate a policy upon this subject.

"Will you please undertake such study and submit to me your report and recommendations respecting the legislative proposals you think I should lay before the Congress. In so doing will you please consult with the Attorney-General, the director of Economic Stabilization, the director of the Office of Scientific Research and Development and the Chairman of the National Planning Commission."

Policy Surrender Value Down in Feb.

Life insurance policy cash surrender values paid out countrywide during February amounted to only $16,828,000, the lowest monthly total since the '20s, although aggregate policy cash values available have doubled in the intervening years, it was reported on April 26 by the Institute of Life Insurance.

The February total of surrender values paid out by the nation's life companies was about ⅓ the total for the corresponding month in pre-war 1941.

Total payments to policyholders and beneficiaries during February were $210,979,000, an increase of $5,661,000 over February, 1944, due in large part to the increased death benefits paid under war claims. The month's death benefits amounted to $106,100,000, more than 7% over the previous February and one of the largest months on record.

Payments for the first two months of the year were $452,136,000 in the aggregate, of which $221,196,000 were death benefits, $34,876,000 were surrender value payments and $196,064,000 were direct payments to living policyholders for maturing endowments, disability, annuity payments and policy dividends. Both endowment maturities and annuity payments were up about 10% above the corresponding period of last year, policy dividends were up about 7% and disability payments up about 3%.

Fred M. Vinson Urges Broader Trade Policy

Fred M. Vinson, Director of War Mobilization and Reconversion, appeared before the House Ways and Means Committee in support of legislation extending and broadening the reciprocal trade act, according to Associated Press advices from Washington, April 25, which stated that Mr. Vinson told Congress that an expanding economy for the United States depends largely upon our foreign economic policies. He said that what Congress does about the measure "will constitute a revealing guide to people throughout the world as to what kind of leadership to expect from the United States."

"This country is committed to the system of free enterprise," Mr. Vinson said. "It is our intention, just as soon as it is feasible to do so, to relax and remove wartime restrictions and controls.

"This country is also committed to the goal of an expanding, as opposed to a contractive, economy. It is committed to take every step necessary to insure that after the war there will be productive jobs for every one who is able and willing to work.

"Because of these commitments, and because of our tremendously expanded wartime productive capacity, the measures pertaining to broad economic foreign policy now before Congress are of great importance."

Mr. Vinson envisioned post-war exports double any pre-war figures, saying "our post-war objective of a high level of prosperity and full employment will necessitate exports of at least $10,000,000,000," the Associated Press reports.

Moreover, he said, "imports of the magnitude of $6,000,000,000 to $8,000,000,000 will be necessary to support the level of post-war prosperity that we all want."

Netherlands Lend-Lease Pact Extended

A $242,000,000 lend-lease agreement with The Netherlands which extends existing arrangements whereby the kingdom supplies reverse lend-lease, was announced by the government on April 30, according to an Associated Press dispatch on the same day from Washington which also had the following to say about the announcement:

The announcement noted that The Netherlands East Indies, still largely held by the Japanese, "are destined to be battlegrounds." After liberation they will be available as bases and supply sources in fighting Japan, it added.

The announcement was made by Joseph C. Grew, Acting Secretary of State; Henry Morgenthau, Jr., Secretary of the Treasury, and Leo T. Crowley, Foreign Economic Administrator.

The statement said arms and munitions will continue to be supplied by the United States as straight lend-lease under previous terms. Supplies listed under the new agreement include raw materials for war use and essential civilian supplies.

The statement said the agreement covers only supplies needed by the Dutch in prosecution of the war, and none has been included for post-war relief. In addition to previous reverse lend-lease arrangements, The Netherlands government will supply strategic war materials from The Netherlands East Indies such as oil and rubber.

Supreme Court to End Current Term May 28

The Supreme Court announced on April 30 that it planned to end its current term on Monday, May 28, when it would adjourn for the summer.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
May 1	122.36	115.24	120.84	118.40	115.24	107.09	112.19	114.27	119.41
Apr. 30	122.38	115.24	120.63	118.40	115.43	107.09	112.19	114.27	119.20
28	122.38	115.04	120.84	118.40	115.24	106.92	112.19	114.27	119.20
27	122.38	115.24	120.84	118.40	115.04	107.09	112.19	114.27	119.20
26	122.34	115.04	120.84	118.40	115.04	106.92	112.00	114.27	119.20
25	122.25	115.04	120.84	118.40	115.24	106.74	112.00	114.27	119.20
24	122.25	115.04	120.84	118.40	115.24	106.74	112.00	114.27	119.41
23	122.38	115.04	120.84	118.60	115.04	106.56	111.81	114.27	119.41
21	122.44	115.04	120.84	118.60	115.04	106.56	111.81	114.27	119.20
20	122.44	115.04	120.84	118.40	115.04	106.56	111.81	114.27	119.20
19	122.50	115.04	120.84	118.40	115.04	106.74	111.81	114.27	119.20
18	122.53	115.04	120.84	118.60	115.24	106.56	111.81	114.27	119.20
17	122.53	115.04	120.84	118.60	115.04	106.56	111.81	114.46	119.20
16	122.51	115.04	120.84	118.60	115.04	106.56	111.81	114.27	119.41
14	Stock Exchange Closed.								
13	122.59	115.04	120.84	118.60	115.04	106.56	111.81	114.46	119.20
12	122.59	115.04	120.84	118.40	115.04	106.56	111.81	114.46	119.20
11	122.45	115.04	120.84	118.40	115.24	106.56	111.62	114.46	119.20
10	122.59	115.04	120.84	118.40	115.04	106.56	111.62	114.46	119.20
9	122.36	115.04	120.84	118.40	115.04	106.39	111.44	114.46	119.20
7	122.21	115.04	120.84	118.40	115.04	106.39	111.44	114.46	119.20
6	122.21	115.04	120.84	118.40	115.04	106.39	111.44	114.46	119.20
5	122.20	115.04	120.84	118.40	115.04	106.39	111.44	114.46	119.20
4	122.19	115.04	121.04	118.40	115.04	106.39	111.44	114.46	119.20
3	122.04	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20
2	122.00	114.85	120.84	118.40	114.85	106.04	111.25	114.27	119.20
Mar. 31	122.01	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20
23	122.19	115.04	121.04	118.60	114.85	106.21	111.44	114.27	119.41
16	122.25	115.04	120.84	118.80	114.66	106.39	111.07	114.46	119.41
9	122.47	114.85	120.63	118.60	114.66	106.21	110.88	114.46	119.41
2	122.05	114.66	120.43	118.60	114.46	106.21	110.70	114.27	119.61
Feb. 23	121.92	114.66	120.02	118.60	114.46	106.04	110.52	114.08	119.41
16	121.97	114.46	120.02	118.60	114.27	105.69	110.15	114.08	119.41
9	121.58	114.27	119.82	118.40	114.08	105.69	109.97	114.08	119.20
2	121.33	114.08	119.82	118.00	113.89	105.34	109.60	114.08	118.80
Jan. 26	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60
19	121.09	113.70	119.20	118.00	113.70	105.00	108.88	113.70	118.60
12	121.25	113.70	119.00	118.00	113.50	104.83	109.06	113.70	118.40
5	120.66	113,50	119,00	117.80	113.50	104.66	108.70	113.89	118.20
High 1945	122.59	115.24	121.04	118.80	115.43	107.09	112.19	114.46	119.61
Low 1945	120.55	113.50	118.80	117.80	113.31	104.48	108.52	113.70	118.20
1 Year Ago May 1, 1944	119.34	111.62	118.40	116.41	111.62	101.31	105.34	113.70	116.41
2 Years Ago May 1, 1943	118.34	109.79	118.00	115.43	110.52	97.00	101.31	113.12	115.63

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
May 1	1.63	2.89	2.61	2.73	2.89	3.33	3.05	2.94	2.68
Apr. 30	1.63	2.89	2.62	2.73	2.88	3.33	3.05	2.94	2.69
28	1.63	2.90	2.61	2.73	2.89	3.34	3.05	2.94	2.69
27	1.63	2.89	2.61	2.73	2.90	3.33	3.05	2.94	2.69
26	1.64	2.90	2.61	2.73	2.90	3.34	3.06	2.94	2.69
25	1.64	2.90	2.61	2.73	2.89	3.35	3.06	2.94	2.69
24	1.64	2.90	2.61	2.73	2.89	3.35	3.06	2.94	2.68
23	1.63	2.90	2.61	2.72	2.90	3.36	3.07	2.94	2.68
21	1.63	2.90	2.61	2.72	2.90	3.36	3.07	2.94	2.69
20	1.63	2.90	2.61	2.73	2.90	3.36	3.07	2.94	2.69
19	1.63	2.90	2.61	2.73	2.90	3.35	3.07	2.94	2.69
18	1.62	2.90	2.61	2.72	2.89	3.36	3.07	2.94	2.69
17	1.62	2.90	2.61	2.72	2.90	3.36	3.07	2.93	2.69
16	1.63	2.90	2.61	2.72	2.90	3.36	3.07	2.94	2.68
14	Stock Exchange Closed.								
13	1.62	2.90	2.61	2.72	2.90	3.36	3.07	2.93	2.69
12	1.62	2.90	2.61	2.73	2.90	3.36	3.07	2.93	2.69
11	1.63	2.90	2.61	2.73	2.89	3.36	3.08	2.93	2.69
10	1.63	2.90	2.61	2.73	2.90	3.36	3.08	2.93	2.69
9	1.64	2.90	2.61	2.73	2.90	3.37	3.09	2.93	2.69
7	1.64	2.90	2.61	2.73	2.90	3.37	3.09	2.93	2.69
6	1.64	2.90	2.61	2.73	2.90	3.37	3.09	2.93	2.69
5	1.65	2.90	2.61	2.73	2.90	3.37	3.09	2.93	2.69
4	1.65	2.90	2.60	2.73	2.90	3.37	3.09	2.93	2.69
3	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69
2	1.66	2.91	2.61	2.73	2.91	3.39	3.10	2.94	2.69
Mar. 31	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69
23	1.65	2.90	2.60	2.72	2.91	3.38	3.09	2.94	2.68
16	1.65	2.90	2.61	2.71	2.92	3.37	3.11	2.93	2.68
9	1.66	2.91	2.62	2.72	2.92	3.38	3.12	2.93	2.68
2	1.69	2.92	2.63	2.72	2.93	3.38	3.13	2.94	2.67
Feb. 23	1.69	2.92	2.65	2.72	2.93	3.39	3.14	2.95	2.68
16	1.69	2.93	2.65	2.72	2.94	3.41	3.16	2.95	2.68
9	1.72	2.94	2.66	2.73	2.95	3.41	3.17	2.95	2.69
2	1.73	2.95	2.66	2.75	2.96	3.43	3.19	2.95	2.71
Jan. 26	1.77	2.96	2.68	2.75	2.97	3.44	3.21	2.96	2.72
19	1.75	2.97	2.69	2.75	2.97	3.45	3.23	2.97	2.72
12	1.74	2.97	2.70	2.75	2.98	3.46	3.22	2.97	2.73
5	1.79	2.98	2.70	2.76	2.98	3.47	3.24	2.96	2.74
High 1945	1.80	2.98	2.71	2.76	2.99	3.48	3.25	2.97	2.74
Low 1945	1.62	2.89	2.60	2.71	2.88	3.33	3.05	2.93	2.67
1 Year Ago May 1, 1944	1.86	3.08	2.73	2.83	3.08	3.67	3.43	2.97	2.83
2 Years Ago May 1, 1943	1.98	3.18	2.75	2.88	3.14	3.94	3.67	3.00	2.87

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended April 21, 1945, is estimated by the Bureau of Mines at 10,920,000 net tons, an increase of 650,000 tons, or 6.3%, over the preceding week, according to the United States Department of the Interior. Output in the corresponding week of 1944 was 12,210,000 tons. The total production of soft coal from Jan. 1 to April 21, 1945, is estimated at 182,011,000 net tons, a decrease of 8.5% when compared with the 198,972,000 tons produced during the period from Jan. 1 to April 22, 1944.

Production of Pennsylvania anthracite for the week ended April 21, 1945, as estimated by the Bureau of Mines, was 1,341,000 tons, an increase of 42,000 tons, (3.2%) over the preceding week. When compared with the output in the corresponding week of 1944, there was an increase of 19,000 tons, or 1.4%. The calendar year to date shows a decrease of 13.5% when compared with the same period in 1944.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended April 21, 1945, showed an increase of 37,900 tons when compared with the output for the week ended April 14, 1944; but was 40,000 tons less than for the corresponding period of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE IN NET TONS

Bituminous coal & lignite—	Week Ended Apr. 21, 1945	Apr. 14, 1945	Apr. 22, 1944	Jan. 1 to Date *Apr. 21, 1945	Apr. 22, 1944
Total including mine fuel	10,920,000	10,270,000	12,210,000	182,011,000	198,972,000
Daily average	1,820,000	1,712,000	2,035,000	1,920,000	2,066,000

*Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

Penn. anthracite—	Week Ended ‡Apr. 21, 1945	§Apr. 14, 1945	Apr. 22, 1944	Calendar Year to Date Apr. 21, 1945	Apr. 22, 1944	Apr. 24, 1937
*Total incl. coll. fuel	1,341,000	1,299,000	1,322,000	17,598,000	20,341,000	18,141,000
†Commercial produc.	1,287,000	1,247,000	1,269,000	16,894,000	19,527,000	17,234,000
Beehive coke—						
United States total	106,400	68,500	146,400	1,739,000	2,466,200	1,167,300

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES, IN NET TONS

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended Apr. 14, 1945	Apr. 7, 1945	Apr. 15, 1944
Alabama	136,000	121,000	370,000
Alaska	6,000	6,000	6,000
Arkansas and Oklahoma	63,000	68,000	81,000
Colorado	126,000	101,000	143,000
Georgia and North Carolina	1,000	*	*
Illinois	1,297,000	1,122,000	1,444,000
Indiana	336,000	244,000	483,000
Iowa	34,000	32,000	40,000
Kansas and Missouri	143,000	123,000	144,000
Kentucky—Eastern	760,000	452,000	940,000
Kentucky—Western	372,000	274,000	343,000
Maryland	38,000	28,000	39,000
Michigan	5,000	3,000	4,000
Montana (bitum. & lignite)	60,000	60,000	94,000
New Mexico	30,000	21,000	32,000
North & South Dakota (lignite)	33,000	33,000	30,000
Ohio	585,000	484,000	624,000
Pennsylvania (bituminous)	2,260,000	1,774,000	2,826,000
Tennessee	55,000	47,000	151,000
Texas (bituminous & lignite)	2,000	2,000	3,000
Utah	134,000	105,000	146,000
Virginia	335,000	211,000	385,000
Washington	26,000	25,000	27,000
†West Virginia—Southern	2,116,000	1,423,000	2,198,000
‡West Virginia—Northern	1,137,000	849,000	978,000
Wyoming	179,000	112,000	179,000
§Other Western States	1,000	*	*
Total bituminous & lignite	10,270,000	7,720,000	11,710,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Electric Output for Week Ended April 28, 1945 Exceeds That for Same Week Last Year by 1.8%

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended April 28, 1945, was approximately 4,415,889,000 kwh., which compares with 4,336,247,000 kwh. in the corresponding week a year ago, and 4,411,325,000 kwh. in the week ended April 21, 1945. The output of the week ended April 28, 1945, was 1.8% in excess of that for the same week last year.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended April 28	April 21	April 14	April 7
New England	2.3	1.0	0.0	1.2
Middle Atlantic	*3.4	*3.0	*3.4	*5.2
Central Industrial	3.8	1.7	0.3	0.8
West Central	7.6	8.7	10.6	9.4
Southern States	7.7	8.3	7.7	4.9
Rocky Mountain	5.7	7.2	*0.6	*3.8
Pacific Coast	*2.3	*1.6	*2.2	*6.0
Total United States	1.8	1.5	0.6	*0.9

*Decrease under similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
Jan. 6	4,427,281	4,567,959	--	3,952,587	1,602,482	1,733,810
Jan. 13	4,614,334	4,539,083	+ 1.7	3,952,479	1,598,201	1,736,721
Jan. 20	4,588,214	4,531,662	+ 1.2	3,974,202	1,588,967	1,717,315
Jan. 27	4,576,713	4,523,763	+ 1.2	3,976,844	1,588,853	1,728,203
Feb. 3	4,538,552	4,524,134	+ 0.3	3,960,242	1,578,817	1,726,161
Feb. 10	4,505,269	4,532,730	— 0.6	3,939,708	1,545,459	1,718,304
Feb. 17	4,472,298	4,511,562	— 0.9	3,948,749	1,512,158	1,699,250
Feb. 24	4,473,962	4,444,939	+ 0.7	3,892,796	1,519,679	1,706,719
March 3	4,472,110	4,464,686	+ 0.2	3,946,630	1,538,452	1,702,570
March 10	4,446,136	4,425,630	+ 0.5	3,944,679	1,537,747	1,687,229
March 17	4,397,529	4,400,246	— 0.1	3,946,836	1,514,553	1,683,262
March 24	4,401,716	4,409,159	— 0.2	3,928,170	1,480,208	1,679,589
March 31	4,329,478	4,408,703	— 1.8	3,889,858	1,465,076	1,633,291
April 7	4,321,794	4,361,094	— 0.9	3,882,467	1,480,738	1,696,543
April 14	4,332,400	4,307,498	+ 0.6	3,916,794	1,469,810	1,709,331
April 21	4,411,325	4,344,188	+ 1.5	3,925,175	1,454,505	1,699,822
April 28	4,415,889	4,336,247	+ 1.8	3,866,721	1,429,032	1,688,434

Note—Because the same week a year ago contained the New Year holiday, no percentage comparison is available for the week ended Jan. 6.

American Industry Prepared for Competition, Hasler Declares

At a luncheon in honor of the Latin American Consular Corps, Frederick E. Hasler, President of the Pan American Society, spoke at length on the excellence of American production methods and manufactured goods and their relatively low cost making it possible to meet reasonable competition, according to a report of the luncheon which appeared in the "Journal of Commerce", April 26. The report mentioned that Mr. Hasler had discussed the role of the reciprocal trade agreements and the good neighbor policy in the Americas, and had remarked that there would probably be considerable opposition in Congress to the bill to strengthen the Trade Act. According to excerpts from the speech included in the Journal of Commerce report, Mr. Hasler stated that this reflected apprehension in some quarters "that our markets will be flooded with cheap goods from abroad; the answer to this is that there is no way in which a foreign producer can force us to buy anything we do not want."

"United States industry and labor have little to fear from foreign competition," he continued. "The excellence and relatively low costs of our manufactured goods under mass production methods can meet any reasonable competition...

"Even if it should be necessary or the delegates of the United Nations to hold a dozen or more conferences before they finally agree on a sound plan of post-war security, the time and effort spent would be more than justified by the world-changing significance of their achievement." he said.

Others who spoke at the luncheon, according to the Journal of Commerce, included Senor Francisco de P. Gutierrez, Ambassador of Costa Rica, who paid tribute to the efforts of the late President Roosevelt to unite the Americas, and Dr. Oscar Correia, dean of the New York consular corps, who also expressed gratitude for President Roosevelt's great Pan American spirit; a message was read from Dr. L. S. Rowe, director-general of the Pan American Union.

WLB Powers Extended On "Fringe" Pay

A directive was issued to the War Labor Board by William H. Davis, Director of Economic Stabilization, on April 26, which gave to the Board authority to levy rigid regulations on "fringe pay" or non-basic wage adjustments.

The New York "Times," in reporting this, said:

The directive sets up stabilizing limits on wage adjustments such as night shift premium pay, but permits exceptions either above or below the limits under certain circumstances. In all cases where prices to the public or costs to the Government are affected the adjustments are subject to approval of the Stabilization Director.

Shift differentials in industries with necessarily continuous operations are to be 4 cents an hour for the second shift and 6 cents for the third, which is the present WLB policy. In industries where operations by their nature are not necessarily continuous the penalty pay on the employer is 4 cents and 8 cents per hour for the second and third shifts, respectively. The stabilizing limits for vacations are one week after one year of service and two weeks after five years' service.

The directive said that adjustments higher or lower than these limits "may be approved if the Board finds that the amount of the adjustment follows an already established 'clear and well-defined practice' in the industry or the area."

The limit of one cent per hour, or 1%, on reclassifications and job re-evaluations except in "rare and unusual cases" also was relaxed to the extent that "rare and unusual" will be interpreted to mean "exceptional cases of intra-plant inequities."

Moody's Daily Commodity Index

Tuesday, April 24, 1945		256.7
Wednesday, April 25		256.7
Thursday, April 26		256.6
Friday, April 27		256.6
Saturday, April 28		256.6
Monday, April 30		256.8
Tuesday, May 1		256.7
Two weeks ago, April 17		256.3
Month ago, April 2		255.3
Year ago, May 1, 1944		249.4
1943	High, April 1	249.8
	Low, Jan. 2	240.2
1944	High, April 30	256.8
	Low, Jan. 24	252.1

Trading on New York Exchanges

The Securities and Exchange Commission made public on April 25 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended April 7, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended April 7 in round-lot transactions) totaled 1,202,050 shares, which amount was 15.91% of the total transactions on the Exchange of 3,776,330 shares. This compares with member trading during the week ended March 31 of 1,395,912 shares, or 15.41% of the total trading of 4,528,270 shares. On the New York Curb Exchange, member trading during the week ended April 7 amounted to 318,535 shares, or 14.10% of the total volume on that exchange of 1,129,115 shares. During the March 31 week trading for the account of Curb members of 421,760 shares was 18.12% of the total trading of 1,163,970.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED APRIL 7, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	119,860	
‡Other sales	3,656,470	
Total sales	3,776,330	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	351,060	
Short sales	50,530	
‡Other sales	297,110	
Total sales	347,640	9.25
2. Other transactions initiated on the floor—		
Total purchases	139,540	
Short sales	8,900	
‡Other sales	109,210	
Total sales	118,110	3.41
3. Other transactions initiated off the floor—		
Total purchases	106,060	
Short sales	17,200	
‡Other sales	122,440	
Total sales	139,640	3.25
4. Total—		
Total purchases	596,660	
Short sales	76,630	
‡Other sales	528,760	
Total sales	605,390	15.91

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED APRIL 7, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	11,825	
‡Other sales	1,117,290	
Total sales	1,129,115	
B. Round-Lot Transaction for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	92,205	
Short sales	3,775	
‡Other sales	86,575	
Total sales	90,350	8.08
2. Other transactions initiated on the floor—		
Total purchases	26,275	
Short sales	3,200	
‡Other sales	31,475	
Total sales	34,675	2.70
3. Other transactions initiated off the floor—		
Total purchases	31,165	
Short sales	3,200	
‡Other sales	40,665	
Total sales	43,865	3.32
4. Total—		
Total purchases	149,645	
Short sales	10,175	
‡Other sales	158,715	
Total sales	168,890	14.10
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	48,354	
Total purchases	48,354	
Total sales	35,141	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

National Fertilizer Association Commodity Price Average Remains at Same High Level

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on April 30, remained at the same high level of 140.3 for the week ending April 28, 1945, that it has held for the two preceding weeks. A month ago the index stood at 140.0, and a year ago at 137.0, based on the 1935-1939 average as 100. The Association's report continuel as follows:

The farm products group reached a new all-time peak in the latest week and is now 7.4% higher than it was a year ago, but only 0.7% higher than it was at the beginning of this calendar year. The advance during the week was small. The cotton index advanced slightly and it too reached a new high point; the livestock subgroup showed a small rise with higher quotations for cattle more than offsetting lower prices for lambs. The prices for grains were also mixed. Declines in corn and wheat and a slight advance in rye prices resulted in the grains index declining slightly. There was a small decline in the index for foods with lower quotations for oranges more than offsetting higher quotations for potatoes. The textiles group advanced fractionally. All other groups of the index remained unchanged.

During the week 5 price series in the index advanced and 4 declined; in the preceding week there were 5 advances and 4 declines; in the second preceding week there were 5 advances and 6 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Apr. 28, 1945	Preceding Week Apr. 21, 1945	Month Ago Mar. 31, 1945	Year Ago Apr. 29, 1944
25.3	Food	141.6	141.9	141.6	138.6
	Fats and Oils	145.3	145.3	145.3	146.1
	Cottonseed Oil	163.1	163.1	163.1	159.6
23.0	Farm Products	167.0	166.5	165.6	155.5
	Cotton	212.8	211.4	206.4	200.5
	Grains	163.1	163.5	162.9	164.8
	Livestock	160.8	160.1	159.9	145.0
17.3	Fuels	130.4	130.4	130.4	130.1
10.8	Miscellaneous Commodities	133.7	133.7	133.7	132.2
8.2	Textiles	156.8	156.6	156.0	152.2
7.1	Metals	104.7	104.7	104.7	104.4
6.1	Building Materials	154.4	154.4	154.2	152.4
1.3	Chemicals and Drugs	125.4	125.4	125.4	127.7
.3	Fertilizer Materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.7
.3	Farm Machinery	104.8	104.8	104.8	104.3
100.0	All groups combined	140.3	140.3	140.0	137.0

*Indexes on 1926-1928 base were: April 28, 1945, 109.3; April 21, 1945, 109.3, and April 29, 1944, 106.7.

Wholesale Prices Up 0.1% for Week Ended April 21, Labor Dept. Reports

The Bureau of Labor Statistics' index of commodity prices at the primary market level advanced 0.1% during the week ended April 21, the U. S. Department of Labor said in its weekly announcement issued April 26, which went on to say: "Higher prices for cotton and grains, for onions and for calves largely accounted for the rise. The index now stands at 105.6% of the 1926 average. It was 0.5% above four weeks ago and nearly 2% higher than at this time last year. Except for a substantial decline in prices for natural gasoline in the Oklahoma field there were no important changes reported in industrial commodity markets."

The report continued:

"**Farm Products and Foods**—Average market prices for farm products rose 0.5% during the week mainly because of higher quotations for wheat, rye and corn, for calves and cotton, for apples and potatoes in eastern markets, and for onions. Seasonally lower prices were reported for eggs and oranges. Prices for potatoes were lower in the Chicago market and quotations for sheep went down. In the past four weeks prices for farm products have advanced 2% and were approximately 5.5% above the level of a year ago.

"Led by the increases in quotations for fruits and vegetables and higher prices for rye flour and for wheat flour in the Buffalo market, average food prices in primary markets increased 0.2% during the week. In addition to the lower prices for eggs and certain fruits, lower quotations were reported for wheat flour in the Kansas City market. Since the third week of March the general level of food prices has risen slightly more than 1% and was 1.2% above this time last year.

"**Industrial Commodities**—Few changes were reported in prices of industrial commodities during the week. In addition to the substantial decrease for natural gasoline, lower prices were reported for quicksilver and second grade maple flooring. Minor increases occurred in prices for cement in certain local areas and for pea size anthracite coal."

The Labor Department included the following notation in its report:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) indexes for the principal groups of commodities for the past three weeks, for March 24, 1945 and April 22, 1944, and the percentage changes in subgroup indexes from April 14, 1945 to April 21, 1945.

WHOLESALE PRICES FOR WEEK ENDED APRIL 21, 1945

(1926=100)

						Percentage change to April 21, 1945 from—		
Commodity Groups—	4-21 1945	4-14 1945	4-7 1945	3-24 1945	4-22 1944	4-14 1945	3-24 1945	4-22 1944
All commodities	105.6	105.5	105.1	105.1	103.6	+0.1	+0.5	+ 1.9
Farm products	129.5	128.9	127.2	127.0	122.9	+0.5	+2.0	+ 5.4
Foods	105.7	105.5	104.9	104.5	104.4	+0.2	+1.1	+ 1.2
Hides and leather products	118.3	118.3	118.3	118.2	117.6	0	+0.1	+ 0.6
Textile products	99.1	99.1	99.2	99.2	97.3	0	—0.1	+ 1.8
Fuel and lighting materials	83.9	84.0	84.0	83.9	83.7	—0.1	0	+ 0.2
Metals and metal products	104.3	104.3	104.3	104.3	103.8	0	0	+ 0.5
Building materials	117.0	117.0	117.0	116.9	114.6	0	+0.1	+ 2.1
Chemicals and allied products	94.9	94.9	94.9	94.9	95.5	0	0	— 0.6
Housefurnishing goods	106.2	106.2	106.2	106.2	106.0	0	0	+ 0.2
Miscellaneous commodities	94.6	94.6	94.6	94.4	93.3	0	+0.2	+ 1.4
Raw materials	117.7	117.3	116.1	116.0	113.0	+0.3	+1.5	+ 4.2
Semimanufactured articles	94.8	94.8	94.9	94.9	93.5	0	—0.1	+ 1.4
Manufactured products	101.9	102.0	101.9	101.8	100.9	—0.1	+0.1	+ 1.0
All commodities other than farm products	100.3	100.4	100.3	100.3	99.4	—0.1	0	+ 0.9
All commodities other than farm products and foods	99.5	99.5	99.5	99.4	98.5	0	+0.1	+ 1.0

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM APRIL 14, 1945 TO APRIL 21, 1945

Increases

Fruits and vegetables	1.0	Livestock and poultry	0.2
Other farm products	0.7	Anthracite	0.1
Grains	0.4	Cement	0.1

Decrease

Peroleum and products	0.2

Post-War Construction Demand Seen by Dodge

Mounting evidence of post-war construction demand is seen in statistics on post-war projects released today by F. W. Dodge Corp. Up to March 31, 90,700 specific projects contemplated for post-war execution had been reported by the corporation's field staff, the estimated total cost of the projects being $14,813,613,000. These projects were reported for the territory east of the Rocky Mountains, and consequently do not fully measure the potential post-war volume for the whole country.

Of more immediate significance is the fact that 30,217 of these projects, amounting to $7,231,295,000, have progressed to the design stage, representing more nearly the volume of work likely to be ready for bids within a reasonable time after wartime restrictions are lifted. This volume of post-war planned work is measurably greater than the total volume of contracted work in the 37 eastern states for any previous peacetime year.

Commenting on these figures, Thomas S. Holden, President of F. W. Dodge Corp., said: "Any delays in post-war construction revival will definitely be due to temporary material and manpower shortages rather than to any lack of demand or to dearth of planned projects. Our recorded figures include no deferred repair, maintenance and modernization projects, demand for which will be very heavy. They include only moderate amounts of such small new private building projects as are not usually planned much in advance of actual work. While our tabulation is defintely overweighted with public projects which may take sometime for adequate financing, the $2,379,518,000 of new private projects in the design stage is considerably greater than the actual volume of private work in the 37 states contracted for in any of the prewar years, 1937, 1938 or 1939."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on April 25 a summary for the week ended April 14 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended April 14, 1945

	Total For Week
Odd-lot Sales by Dealers (Customers' purchases)	
Number of orders	19,052
Number of shares	566,155
Dollar value	$25,005,391
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	143
*Customers' other sales	19,852
Customers' total sales	19,995
Number of Shares:	
Customers' short sales	4,727
*Customers' other sales	515,767
Customers' total sales	520,494
Dollar value	$20,280,109
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	140
†Other sales	128,500
Total sales	128,640
Round-Lot Purchases by Dealers:	
Number of shares	181,460

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Daily Average Crude Oil Production for Week Ended April 21, 1945, Decreased 13,150 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended April 21, 1945, was 4,797,915 barrels, or 13,150 barrels per day less than produced during the week ended April 14, 1945, and 29,885 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of April, 1945. The current figure, however, was 370,565 barrels per day in excess of the production in the week ended April 22, 1944. Daily output for the four weeks ended April 21, 1945, averaged 4,793,650 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,676,000 barrels of crude oil daily and produced 14,677,000 barrels of gasoline, 1,494,000 barrels of kerosine, 4,576,000 barrels of distillate fuel and 9,303,000 barrels of residual fuel oil during the week ended April 21, 1945, and had in storage at the end of that week 51,617,000 barrels of civilian grade gasoline, 43,487,000 barrels of military and other gasoline, 7,688,000 barrels of kerosine, 28,219,000 barrels of distillate fuel and 40,492,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations April	*State Allowables Begin. April 1	Actual Production		4 Weeks Ended Apr. 21, 1945	Week Ended Apr. 22, 1944
			Week Ended Apr. 21, 1945	Change from Previous Week		
Oklahoma	367,500	367,500	†347,350	—30,950	368,300	335,550
Kansas	274,000	269,400	†273,150	+ 5,000	268,150	263,800
Nebraska	1,000	----	†900	— 50	950	1,200
Panhandle Texas			90,000	----	89,500	91,100
North Texas			150,000	----	149,800	143,850
West Texas			489,500	----	486,500	374,000
East Central Texas			145,550	----	145,850	127,250
East Texas			378,100	----	378,800	362,300
Southwest Texas			352,150	----	352,150	293,050
Coastal Texas			565,250	----	565,050	518,800
Total Texas	2,170,000	‡2,170,278	2,170,550	----	2,167,650	1,910,350
North Louisiana			71,050	----	70,900	76,150
Coastal Louisiana			295,000	----	295,150	282,500
Total Louisiana	360,000	400,800	366,050	----	366,050	358,650
Arkansas	80,000	80,317	79,900	— 650	80,400	79,550
Mississippi	53,000		52,400	+ 200	52,100	42,850
Alabama	300		300	----	300	100
Florida	----		15	----	----	50
Illinois	205,000		206,850	+19,600	195,300	201,700
Indiana	12,500		11,400	— 300	11,300	13,850
Eastern— (Not incl. Ill., Ind., Ky.)	68,200		64,150	— 1,500	65,350	72,500
Kentucky	32,000		25,750	+ 2,800	20,450	24,350
Michigan	47,000		43,300	—10,100	47,700	48,500
Wyoming	100,000		106,050	— 300	106,000	98,700
Montana	23,000		19,800	+ 50	19,800	21,500
Colorado	10,500		9,050	— 500	9,400	8,200
New Mexico	105,000	105,000	104,750	— 50	104,600	112,050
Total East of Calif	3,909,000		3,881,715	—16,750	3,883,800	3,593,450
California	918,800	§918,800	916,200	+ 3,600	909,750	833,900
Total United States	4,827,800		4,797,915	—13,150	4,793,650	4,427,350

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. April 19, 1945.

‡This is the net basic allowable as of April 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 14 days, the entire state was ordered shut down for 6 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 6 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED APRIL 21, 1945

(Figures in thousands of barrels of 42 gallons each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a —Bureau of Mines basis—

District—	% Daily Refining Capacity Reporting	Crude Runs to Stills		§Gasoline Production at Ref. Inc. Nat. Blended	‡Stocks of Gas Oil & Dist. Fuel Oil	‡Stocks of Residual Fuel oil	‡Gasoline Stocks	
		Daily Average	% Operated				Military and Other	Civilian Grade
East Coast	99.5	730	92.3	1,962	5,650	6,038	6,766	7,490
Appalachian—								
District No. 1	76.8	105	71.9	307	375	188	1,114	1,187
District No. 2	81.2	57	114.0	175	113	160	580	863
Ind., Ill., Ky.	87.2	741	86.5	2,845	3,621	1,834	6,504	16,684
Okla., Kans., Mo.	78.3	372	79.3	1,377	1,779	1,157	1,775	7,508
Inland Texas	59.8	248	75.2	1,008	311	756	1,237	1,686
Texas Gulf Coast	89.3	1,139	92.1	3,601	6,128	5,648	10,023	5,553
Louisiana Gulf Coast	96.8	193	74.2	536	1,609	1,489	2,498	2,320
No. La. & Arkansas	55.9	86	68.3	220	720	236	943	1,940
Rocky Mountain—								
District No. 3	17.1	12	92.3	38	11	37	20	54
District No. 4	72.1	99	62.3	309	315	612	459	2,061
California	85.5	894	89.9	2,299	7,587	22,337	11,568	4,271
Total U. S. B. of M. basis April 21, 1945	85.5	4,676	86.1	14,677	28,219	40,492	43,487	51,617
Total U. S. B. of M. basis April 14, 1945	85.5	4,770	87.8	14,270	27,886	41,538	44,925	52,485
U. S. Bur. of Mines basis April 22, 1944		4,443		13,636	30,156	51,599	36,808	51,334

*Includes aviation and military grades, finished and unfinished, title to which still remains in the name of the producing company; solvents, naphthas, blending stocks currently indeterminate as to ultimate use, and 11,795,000 barrels unfinished gasoline this week, compared with 11,949,000 barrels a year ago. These figures do not include any gasoline on which title has already passed, or which the military forces may actually have in custody in their own or leased storage. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,494,000 barrels of kerosine, 4,576,000 barrels of gas oil and distillate fuel oil and 9,303,000 barrels of residual fuel oil produced during the week ended April 21, 1945, which compares with 1,442,000 barrels, 5,006,000 barrels and 9,137,000 barrels, respectivly, in the previous week and 1,519,000 barrels, 4,560,000 barrels and 8,622,000 barrels respectively, in the week ended April 22, 1944.

Note—Stocks of kerosine at April 21, 1945, amounted to 7,688,000 barrels, as against 7,562,000 barrels a week earlier and 6,802,000 barrels a year before.

Civil Engineering Construction Volume $32,332,000 for Week

Civil engineering construction volume in continental United States totals $32,332,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 46% above the total for the preceding week, 21% above the corresponding 1944 week's volume, but 8% below the previous four-week moving average as reported to "Engineering News-Record." The report issued on April 26, continued as follows:

Public construction tops a week ago by 69%, and is 46% higher than in the week last year. Private construction is 14 and 36% lower, respectively, than last week and last year.

The current week's construction brings 1945 volume to $520,586,000 for the seventeen weeks, a decrease of 12% from the $595,162,000 for the period in 1944. Private work, $157,643,000, is up 25% compared with a year ago, but public construction, $362,943,000, is down 23% as a result of the 27% drop in federal volume. State and municipal construction exceeds its seventeen-week 1944 total by 15%.

Civil engineering construction volumes for the 1944 week, last week, and the current week are:

	Apr. 27, 1944	Apr. 19, 1945	Apr. 26, 1945
Total U. S. Construction	$26,737,000	$22,181,000	$32,332,000
Private Construction	8,169,000	6,131,000	5,240,000
Public Construction	18,568,000	16,050,000	27,092,000
State and Municipal	8,492,000	3,040,000	4,568,000
Federal	10,076,000	13,010,000	22,524,000

In the classified construction groups, gains over the preceding week are in sewerage, commercial and public buildings, earthwork and drainage, streets and roads, and unclassified construction. Increases over the 1944 week are in waterworks, sewerage, public buildings, earthwork and drainage, and unclassified work. Subtotals for the week in each class of construction are: Waterworks, $493,000; sewerage, $864,000; industrial buildings, $2,244,000; commercial building and private mass housing, $385,000; public buildings, $13,441,000; earthwork and drainage, $669,000; streets and roads, $4,414,000; and unclassified construction, $9,822,000.

New capital for construction purposes for the week totals $6,444,000. It is made up of $1,674,000 in State and municipal bond sales, and $4,770,000 in corporate security issues. New construction financing for the year to date, $278,693,000, is 24% below the $365,635,000 reported for the corresponding seventeen weeks of 1944.

Non-Ferrous Metals—Substantial Tonnage of Foreign Lead Allocated—Spanish Mercury Up

"E. & M. J. Metal and Mineral Markets," in its issue of April 26, stated: "With importations of lead increasing, WPB officials were fairly liberal last week in allocating foreign metal for May delivery to consumers. Between 22,000 and 23,000 tons of lead will be released, or virtually as much as in recent months. Copper and zinc were quiet, compared with the rate of activity that obtained earlier in the year, reflecting falling production at brass mills. WPB disclosed that stocks of tin in concentrates), excluding working stocks at the smelter and in the hands of consumers, have dropped to less than 70,000 tons. Spanish quicksilver was raised from $152 per flask to $155, May shipments. No reason was given for the move." The publication further went on to say in part:

Copper

Demand for copper has moderated, owing to reduced war requirements. Inventories are being reduced by fabricators, which tends to accentuate the drop in new business. Rhodesian copper is arriving in this country and imports from other major producing areas are being maintained. From present indications, unless civilian consumption of copper is stepped up, the stockpile will grow at the rate of 30,000 tons or more a month for some time to come. However, the reserve supply has been reduced since the first of the year and a gain in stocks in the hands of the Government may be desirable.

Fabricators consumed 171,558 tons of copper during March, against 165,387 tons in February and 143,739 tons in March last year. The tonnage consumed in March established a new high, but was well below the quantity received in that month from producers and the Metals Reserve.

Consumption of refined copper, based on the fabricators' statistics, and deliveries to consumers, as reported by Copper Institute, during the first three months of the current year, in tons:

	Consumed by Fabricators	Delivered to Fabricators
January	153,904	145,904
February	165,387	172,585
March	171,558	218,488
Totals	490,849	536,977

Stock of refined copper in the hands of fabricators at the end of March amounted to 380,197 tons.

Production of copper communication wire in March increased 22% to a record of 267,000 miles, WPB officials informed members of the industry. Production was divided into 185,000 miles of field wire; 64,000 miles of assault wire, and 18,000 miles of heavy wire.

Lead

WPB officials were more liberal in allocating foreign lead for May delivery than many observers anticipated. About the only consumers who were left out in the cold in obtaining metal were those who did not file their applications on or before April 18. Between 22,000 and 23,000 tons of foreign metal will be distributed, indicating that consumption will be maintained at slightly less than 70,000 tons a month. The stockpile has been reduced to a lesser degree than predicted, the tonnage on hand amounting to around 65,000 tons. The supply-requirements picture in lead is not likely to deteriorate this summer. A possible further recession in mine output here should be offset by increased imports. Argentine lead concentrates will be shipped to the United States in the near future.

Lead sales for the week amounted to 4,026 tons.

The United States lead refinery statistics for March showed that operations were maintained at about the same daily rate as in the preceding month. Shipments during March of metal refined in this country totaled 47,249 tons, against 44,213 tons in February, according to the American Bureau of Metal Statistics.

Production in March amounted to 48,029 tons, against 46,616 tons in February. Production during the first three months of 1945 totaled 143,744 tons, against 153,394 tons in the same period last yeyar.

Production of lead in Canada during January amounted to 25,623,743 pounds, against 35,189,468 pounds in December and 32,710,839 pounds in January last year, the Dominion Bureau of Statistics reports.

Zinc

In view of a declining rate of activity at brass mills, and inability to obtain larger tonnages of steel to expand on galvanizing, the market for zinc presented a calm appearance throughout last week. Allocation certificates were released by WPB for May shipment metal, permitting consumers to absorb fully 80,000 tons next month, or virtually all that they asked for. Producers doubt whether consumers will call for the full quantity allocated, owing to cutbacks that have occurred in recent weeks. Consumers engaged in war work are reducing their inventories. Reduced buying is expected to center largely in high grade. Galvanizers would like to expand production, but find it difficult to obtain additional tonnages of steel at this time.

Tin

Exports of tin concentrates from Bolivia have increased slightly this year, contrasted with 1944. Shipments during March contained 3,032 metric tons of tin, against 2,230 tons in February and 3,154 tons in March last year. Shipments in the first quarter of 1945 contained 9,354 tons of tin, against 8,692 tons in the same period last year. The higher price now being paid for Bolivian tin concentrates was necessary to maintain production, mine operators claim. Authorities here hope that the higher settling basis will lead to increased production and larger exports to this country.

The market stituation continues unchanged. Straits quality tin for shipment, in cents per pound, was nominally as follows:

	April	May	June
April 19	52.000	52.000	52.000
April 20	52.000	52.000	52.000
April 21	52.000	52.000	52.000
April 23	52.000	52.000	52.000
April 24	52.000	52.000	52.000
April 25	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c. per pound.

Quicksilver

Except that the undertone of the market for quicksilver was viewed by most operators as steady, based on prospects for continued expansion in consumption, the market passed through a quiet period last week. Spot metal was available at prices ranging from $156 to $159 per flask, depending on quantity. Nearby quicksilver was offered at $155.

The Pacific Coast market was unchanged, with most producers sold up so far as April and May business was concerned. June shipment metal was quotable at $151, f.o.b. Coast, with producers not inclined to force sales. Producers look for heavy consumption of quicksilver this summer.

Spanish metal was advanced to $155 per flask, duty paid, New York, May shipment from abroad. Importers believe that the second consignment from Spain, scheduled to leave that country on April 20, consists of between 4,000 and 5,000 flasks.

Silver

The London silver market was quiet and unchanged at 25½d. The New York Official for foreign silver continued at 44¾c., with domestic metal at 70⅝c.

Extend SWPC Through 1946

Legislation to extend the life of the Smaller War Plants Corp. until Dec. 31, 1946, and make it an independent Federal agency, has been completed by Congress and sent to the White House, the Associated Press reported from Washington, April 19. Included is an amendment, the report states, providing that the President, instead of the WPB Chairman as formerly, shall name SWPC's five-member board of directors.

Revenue Freight Car Loadings During Week Ended April 21, 1945, Increased 17,672 Cars

Loading of revenue freight for the week ended April 21, 1945, totaled 864,063 cars, the Association of American Railroads announced on April 26. This was an increase above the corresponding week of 1944 of 25,326 cars, or 3.0%, and an increase above the same week in 1943 of 69,900 cars, or 8.8%.

Loading of revenue freight for the week of April 21 increased 17,672 cars, or 2.1% above the preceding week.

Miscellaneous freight loading totaled 400,408 cars, an increase of 788 cars above the preceding week and an increase of 14,538 cars above the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 113,662 cars, a decrease of 940 cars below the preceding week but an increase of 6,607 cars above the corresponding week in 1944.

Coal loading amounted to 165,134 cars, an increase of 10,883 cars above the preceding week but a decrease of 8,788 cars below the corresponding week in 1944.

Grain and grain products loading totaled 51,309 cars, an increase of 1,550 cars above the preceding week and an increase of 13,333 cars above the corresponding week in 1944. In the Western Districts alone grain and grain products loading for the week of April 21 totaled 33,830 cars, an increase of 584 cars above the preceding week and an increase of 10,028 cars above the corresponding week in 1944.

Livestock loading amounted to 15,401 cars, a decrease of 21 cars below the preceding week and a decrease of 143 cars below the corresponding week in 1944. In the Western Districts alone loading of livestock for the week of April 21 totaled 11,662 cars, a decrease of 416 cars below the preceding week, and a decrease of 114 cars below the corresponding week in 1944.

Forest products loading totaled 42,544 cars, an increase of 1,176 cars above the preceding week but a decrease of 951 cars below the corresponding week in 1944.

Ore loading amounted to 61,147 cars an increase of 2,313 cars above the preceding week and an increase of 1,016 cars above the corresponding week in 1944.

Coke loading amounted to 14,458 cars an increase of 1,923 cars above the preceding week, but a decrease of 286 cars below the corresponding week in 1944.

All districts reported increases compared with the corresponding week in 1944 except the Pocahontas and Southwestern. All districts reported increases compared with corresponding week in 1943 except the Pocahontas.

	1945	1944	1943
4 Weeks of January	3,001,544	3,158,700	2,910,638
4 Weeks of February	3,049,697	3,154,116	3,055,725
5 Weeks of March	4,018,627	3,916,037	3,845,547
Week of April 7	764,763	787,985	789,019
Week of April 14	846,391	798,683	780,908
Week of April 21	864,063	838,737	794,163
Total	12,545,085	12,654,258	12,176,000

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended April 21, 1945. During the period 79 roads showed increases when compared with the corresponding week as year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED APRIL 21

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Eastern District—					
Ann Arbor	252	263	311	1,575	1,458
Bangor & Aroostook	2,203	2,018	1,252	850	343
Boston & Maine	7,252	6,913	5,900	15,817	15,281
Chicago, Indianapolis & Louisville	1,129	1,292	1,697	2,073	2,320
Central Indiana	28	38	43	30	45
Central Vermont	1,177	1,018	1,053	2,299	2,390
Delaware & Hudson	5,095	4,780	6,502	13,794	12,724
Delaware, Lackawanna & Western	7,823	7,663	7,255	12,472	10,891
Detroit & Mackinac	232	260	246	117	112
Detroit, Toledo & Ironton	1,700	1,736	1,729	1,387	1,292
Detroit & Toledo Shore Line	447	350	344	3,464	3,003
Erie	13,573	13,343	11,954	17,624	17,756
Grand Trunk Western	4,245	4,136	3,684	9,140	8,757
Lehigh & Hudson River	156	187	239	3,315	3,364
Lehigh & New England	2,096	2,148	1,591	1,556	1,725
Lehigh Valley	8,487	9,085	6,707	12,397	17,101
Maine Central	2,442	2,263	2,091	4,407	3,447
Monongahela	5,867	6,397	6,645	294	362
Montour	2,608	2,662	2,480	30	21
New York Central Lines	52,017	49,921	52,137	53,255	56,043
N. Y., N. H. & Hartford	11,052	10,860	9,744	18,872	19,853
New York, Ontario & Western	981	1,089	1,015	3,554	3,401
New York, Chicago & St. Louis	6,605	6,574	6,522	15,417	15,922
N. Y., Susquehanna & Western	391	436	511	2,482	2,133
Pittsburgh & Lake Erie	8,389	7,982	7,777	8,972	7,856
Pere Marquette	5,355	5,062	4,696	8,767	7,647
Pittsburg & Shawmut	819	847	739	14	15
Pittsburg, Shawmut & North	248	314	333	225	244
Pittsburgh & West Virginia	1,062	1,295	1,005	3,414	2,771
Rutland	375	482	336	1,126	1,026
Wabash	6,837	5,414	5,453	11,879	12,177
Wheeling & Lake Erie	6,283	5,697	4,435	4,990	4,109
Total	167,226	162,525	156,426	235,608	235,589
Allegheny District—					
Akron, Canton & Youngstown	781	744	826	1,215	1,145
Baltimore & Ohio	46,227	44,999	40,338	28,618	28,805
Bessemer & Lake Erie	6,174	6,658	2,658	1,378	2,148
Buffalo Creek & Gauley	†	†	307	†	†
Cambria & Indiana	1,672	1,653	1,843	15	9
Central R. R. of New Jersey	6,775	7,497	6,856	22,369	20,283
Cornwall	489	19	637	56	35
Cumberland & Pennsylvania	166	222	247	11	10
Ligonier Valley	96	128	122	49	36
Long Island	1,451	1,256	1,225	4,962	3,538
Penn-Reading Seashore Lines	2,001	1,787	1,662	2,606	2,645
Pennsylvania System	90,031	84,330	77,483	64,057	68,652
Reading Co.	16,069	15,816	14,426	30,740	29,572
Union (Pittsburgh)	16,701	20,375	20,880	7,099	7,174
Western Maryland	3,975	4,356	4,008	14,625	13,019
Total	192,608	189,840	173,518	177,800	177,071
Pocahontas District—					
Chesapeake & Ohio	28,624	28,956	28,580	15,702	13,948
Norfolk & Western	21,238	21,695	22,363	9,061	7,587
Virginian	4,377	4,270	4,750	3,261	1,895
Total	54,239	54,921	55,693	28,024	23,430
Southern District—					
Alabama, Tennessee & Northern	441	265	268	341	530
Atl. & W. P.—W. R. R. of Ala	825	741	738	2,656	2,508
Atlanta, Birmingham & Coast	1,263	775	711	1,579	1,633
Atlantic Coast Line	13,693	13,348	14,652	11,412	11,588
Central of Georgia	3,939	3,602	4,345	5,615	4,773
Charleston & Western Carolina	496	418	392	1,460	1,913
Clinchfield	1,775	1,607	1,545	2,642	3,232
Columbus & Greenville	242	245	310	260	241
Durham & Southern	130	128	128	761	703
Florida East Coast	2,538	4,327	2,684	1,381	1,929
Gainesville Midland	58	39	40	175	171
Georgia	1,248	1,245	1,334	2,363	2,587
Georgia & Florida	438	361	358	730	710
Gulf, Mobile & Ohio	4,940	4,045	3,859	4,294	4,789
Illinois Central System	29,784	27,882	26,428	20,467	16,276
Louisville & Nashville	25,509	24,808	24,242	12,065	12,183
Macon, Dublin & Savannah	225	158	210	1,032	1,264
Mississippi Central	402	278	218	470	574
Nashville, Chattanooga & St. L.	3,733	3,302	3,095	4,874	4,574
Norfolk Southern	1,103	1,166	1,101	1,624	1,934
Piedmont Northern	410	403	351	1,202	1,235
Richmond, Fred. & Potomac	531	483	406	12,284	12,703
Seaboard Air Line	11,783	11,131	11,083	8,928	9,407
Southern System	25,708	23,313	21,694	27,264	24,511
Tennessee Central	761	680	463	772	963
Winston-Salem Southbound	154	154	116	1,299	1,024
Total	132,129	124,904	120,771	127,950	123,955
Northwestern District—					
Chicago & North Western	19,037	18,161	18,337	14,085	13,471
Chicago Great Western	2,978	2,374	2,490	3,167	3,200
Chicago, Milw., St. P. & Pac.	20,167	19,949	20,002	10,130	10,206
Chicago, St. Paul, Minn. & Omaha	3,463	3,217	3,116	3,640	3,894
Duluth, Missabe & Iron Range	19,201	20,227	12,055	182	202
Duluth, South Shore & Atlantic	800	560	481	578	598
Elgin, Joliet & Eastern	9,225	8,572	8,285	11,139	11,287
Ft. Dodge, Des Moines & South	434	394	471	96	91
Great Northern	18,702	20,027	12,445	6,575	6,182
Green Bay & Western	*427	502	442	*898	891
Lake Superior & Ishpeming	2,403	1,325	422	50	59
Minneapolis & St. Louis	2,073	1,864	2,105	2,402	2,577
Minn., St. Paul & S. S. M.	6,532	6,091	5,214	2,990	4,245
Northern Pacific	9,686	10,199	9,122	5,598	5,612
Spokane International	235	157	93	803	795
Spokane, Portland & Seattle	2,497	2,641	2,160	3,464	3,208
Total	117,860	116,260	97,240	65,797	66,518
Central Western District—					
Atch., Top. & Santa Fe System	24,238	21,475	22,796	15,698	13,957
Alton	3,950	3,058	2,779	3,949	4,169
Bingham & Garfield	426	495	467	57	66
Chicago, Burlington & Quincy	19,439	17,745	17,544	12,069	12,004
Chicago & Illinois Midland	3,223	3,138	2,496	1,075	1,029
Chicago, Rock Island & Pacific	12,551	10,854	12,595	14,749	13,299
Chicago & Eastern Illinois	2,908	2,547	2,967	5,166	7,086
Colorado & Southern	789	708	700	2,413	2,145
Denver & Rio Grande Western	3,242	3,173	3,117	6,329	6,121
Denver & Salt Lake	481	758	619	22	35
Fort Worth & Denver City	905	783	945	1,653	1,373
Illinois Terminal	2,472	1,937	1,865	2,242	2,119
Missouri-Illinois	926	1,017	1,061	421	541
Nevada Northern	1,372	2,036	2,094	118	104
North Western Pacific	743	785	1,041	788	692
Peoria & Pekin Union	19	3	7	0	0
Southern Pacific (Pacific)	31,090	29,436	29,105	15,425	15,424
Toledo, Peoria & Western	301	305	387	2,317	2,033
Union Pacific System	15,978	13,314	13,277	18,538	15,355
Utah	543	516	601	2	5
Western Pacific	1,875	2,011	1,943	4,699	3,928
Total	127,471	116,094	118,406	107,730	101,485
Southwestern District—					
Burlington-Rock Island	414	256	863	400	456
Gulf Coast Lines	7,064	7,306	7,488	2,794	2,365
International-Great Northern	3,131	2,676	2,437	4,378	4,654
Kansas, Oklahoma & Gulf	154	284	351	274	1,087
Kansas City Southern	5,297	6,093	5,742	2,306	2,796
Louisiana & Arkansas	3,668	3,318	2,840	2,830	2,652
Litchfield & Madison	300	375	309	1,447	1,054
Midland Valley	485	695	657	393	495
Missouri & Arkansas	89	187	153	208	405
Missouri-Kansas-Texas Lines	6,301	6,227	6,385	5,129	4,599
Missouri Pacific	16,329	16,493	16,919	22,520	21,722
Quanah Acme & Pacific	84	123	89	376	263
St. Louis-San Francisco	8,506	8,100	8,379	12,123	9,859
St. Louis Southwestern	3,712	3,193	3,589	8,237	7,196
Texas & New Orleans	11,287	12,645	11,620	5,486	5,415
Texas & Pacific	5,607	6,107	4,187	8,914	8,287
Wichita Falls & Southern	68	101	81	42	127
Weatherford M. W. & N. W.	34	14	20	24	32
Total	72,530	74,193	72,109	77,881	73,464

*Previous week's figures. †Included in Baltimore & Ohio RR.
Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1945—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
January 6	189,769	125,882	532,194	80	80
January 13	149,921	150,011	524,308	95	87
January 20	131,901	150,876	503,240	94	89
January 27	159,885	152,075	510,931	95	91
February 3	204,550	148,139	565,064	92	91
February 10	149,590	151,307	560,960	93	92
February 17	145,541	149,816	553,609	93	92
February 24	131,989	152,755	529,238	97	93
March 3	181,377	150,486	558,285	96	93
March 10	177,711	152,611	580,804	94	93
March 17	129,948	153,625	557,986	95	93
March 24	137,911	158,551	537,005	99	94
March 31	178,483	162,386	549,631	100	94
April 7	203,891	146,832	604,720	92	94
April 14	159,733	158,938	604,214	97	94
April 21	125,708	162,040	564,631	98	95

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

SEC Denies Plea to Reduce Rollins Suspension

The Securities and Exchange Commission on April 19 denied the petition of E. H. Rollins & Sons for a termination of the suspension of the firm from the NASD. The Commission on February 22, suspended the firm for a period of 60 days, with the condition that in the Meantime Walter Cecil Rawls, the manager of its St. Louis office, and Percy Dryden, manager of its Chicago office be separated from the organization. Both of these officers have resigned, and on April 13, the Commission heard oral arguments on a plea of the firm to terminate the suspension on the ground of heavy losses and disruption of its sales organization.

In rendering its decision the Commission stated that: "In deciding that Rollins must be suspended from the NASD for a period of sixty days, we of course recognized that Rollins would suffer a loss of business and that its organization would be adversely affected," the commission said in denying the motion. These are the natural consequences of the remedies contemplated by Section 15 (a) of the securities exchange act, and were also recognized by Congress when it determined upon the alternative remedies of suspension and expulsion as a mean of promoting fair treatment of public investors by members of registered securities associations.

"There would be no point in applying these remedies if they had no effect. We thought, and we still think, that the sixty-day suspension was the least that could be imposed with due regard to the public interest. The losses estimated by Rollins as being due to its suspension are no greater than might be reasonably expected."

The commission stated further it was mentioned in its opinion suspending the firm that "a case has been made for the revocation of Rollins registration under Section 15 (b)" of the act, but that in order to avoid hardship on many innocent persons in the Rollins organization "we afforded Rollins an opportunity to present evidence that Dryden and Rawls had been separated from the organization and thus make revocation of its registration unnecessary."

As stated in the "Chronicle" of March 1 (p. 956) E. H. Rollins and Sons was suspended from the NASD for 60 days because it found that the firm's St. Louis and Chicago managers were guilty of fraud and violation of SEC regulations in dealings with the Board of Missions of the Methodist Episcopal Church South and others making to them sales "at prices greatly in excess of prevailing market prices."

Lumber Movement—Week Ended April 21, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 471 mills reporting to the National Lumber Trade Barometer were 4.2% above production for the week April 21, 1945. In the same week new orders of these mills were 10.1% more than production. Unfilled order files of the reporting mills amounted to 115% of stocks. For reporting softwood mills, unfilled orders are equivalent to 39 days' production at the current rate, and gross stocks are equivalent to 32 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 8.4%; orders by 15.2%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 8.9% greater; shipments were 2.7% greater; and orders were 11.1% greater.

Items About Banks, Trust Companies

John T. Madden, President of the Emigrant Industrial Savings Bank, New York, announced on April 30 that three hours twice weekly would soon be added to the banking day in force at the main office, 51 Chambers Street. This will mean that instead of closing at 3 o'clock p. m., the main office will be open until 6 p. m. on Mondays and Fridays.

This decision was reached as the result of a 10 weeks' survey during which the habits of the bank's customers were closely studied.

"The added hours will be a convenience to our depositors and neighbors," Mr. Madden said, "a great many of whom now work unusual hours owing to the demands of war-time. Our survey revealed that like every other concern serving the public, the bank has its 'rush hours,' and these were most noticeable between noon and 1 o'clock, and during the last hour before closing. Furthermore, we discovered that the busiest days of the week were Mondays and Fridays.

"The new hours will go into effect on Monday, May 14, by which time all arrangements will have been completed."

At a meeting of the Board of Directors of Bankers Trust Company of N. Y. City, on May 1, Raymond B. Gahs was elected an Assistant Vice-President. Mr. Gahs has been associated with Bankers Trust Company since 1917, coming with the bank at the time of its merger with Astor Trust Company with which bank Mr. Gahs had been employed since 1910,

Mr. Gahs has been associated with the Fifth Avenue office of Bankers Trust Company throughout his entire length of service. He was elected Assistant Treasurer in February, 1938, and has had charge of the War Bond Drives at the Fifth Avenue office.

The Board of Trustees of Central Hanover Bank and Trust Company, New York City, elected the following men Vice-Presidents at a meeting held on May 1: George K. Boday, John J. Collins, Jerome A. Thirsk, Harry A. Trautmann, Peter Van Brunt and Russell Welles.

Jerome A. Thrisk, formerly a vice-president of Sterling National Bank, will be located at the 34th Street and Madison Avenue office.

Peter Van Brunt, recently released from a special assignment in the U. S. Navy, will return to the Main Office on June 4.

George K. Boday is in charge of the Church Street Office and Messrs. Collins, Trautmann and Welles will continue at the Main Office, 70 Broadway.

Following a meeting of the board of directors of the Bank of the Manhattan Co., New York, on April 26, F. Abbot Goodhue, President, announced the appointment of Byron L. Harrison as Assistant Treasurer.

Mr. Harrison is attached to the personal credit division of the bank and is located at the 41st Street and Madison Avenue office.

Arthur S. Kleeman, President of the Colonial Trust Co. of New York, announces that a clearance department has been inaugurated at the 57 William Street office of the institution, to supply facilities to brokers and dealers, and that Mathew T. Ryan has been elected Assistant Secretary and Assistant Treasurer, in charge of the department.

Arthur S. Kleeman, President of the Colonial Trust Co. of New York, has announced the appointment of John C. Jester of Dallas as Assistant to the President. Mr. Jester will be stationed in Dallas, and will look after the New York institution's business with Texas banks.

Mr. Jester has had many years of experience, both in country and city banks and as a bank examiner; for 11 years he was an officer of the Dallas National Bank, Dallas, Tex.

In announcing Mr. Jester's appointment as his Texas assistant, Mr. Kleeman stated: "Colonial Trust Co.'s relations with Texas banks have been steadily growing closer, and we wish, through Mr. Jester, to develop still further our association with the financial institutions of the State.

"Mr. Jester will seek Texas business for Colonial Trust Co. from banks only, for in the opinion of our management it is inconsistent with the principles for which this bank stands to seek commercial deposits or loans in the territories of those out-of-New York banks which keep accounts with us, unless such correspondents wish to have us participate with them."

Alexis C. Foster, a senior executive of the New York banking firm of Calvin Bullock, One Wall Street.

Mr. Foster held the positions of Vice-President of the United States National Bank, Denver, Colo., and President of the Bankers Trust Co. of that same city. He was connected with the Calvin Bullock firm since 1930.

The election of R. G. Wills and W. A. Bostwick as directors of the Bronxville Trust Co., Bronxville, N. Y., was announced on April 27 by the New York "Herald Tribune." Mr. Wills is Vice-President and Treasurer of the bank and Mr. Bostwick is Vice-President and Trust Officer. The "Tribune" also said:

"Miss Florence Geoghegan was made Assistant Vice-President, David R. Hutton, Assistant Secretary, Miss Camille B. Rispole, Assistant Trust Officer, and Mrs. Renee D'A. Spears, Assistant Treasurer."

Provisions for the immediate reemployment of every former employee on his demobilization from the armed services in "a position and with a salary comparable to what he might have attained had he remained in our employ" were announced today by Land Title Bank & Trust Co., Philadelphia, Pa.

In making the announcement Percy C. Madeira Jr., President of Land Title Bank, said that immediately on reengaging the returning veteran the bank will offer him the first month as a leave with full pay "to accustom himself to civilian life." Should he decline the month's leave the bank will give him double pay for the first month's work. In addition he will receive the usual vacation.

Mr. Madeira said that the bank also will immediately reinstate the veteran in its group insurance plan and mark his personnel records as to reflect continuous employment during his stay in the armed forces.

Land Title has 97 employees in the services, all of whom have been notified of the above arrangements.

The Corn Exchange National Bank & Trust Co. of Philadelphia, Pa., has set up a direct correspondent relationship with the Bank for Foreign Trade in Moscow, making service possible not only throughout the Soviet Union, but also in the liberated portions of Finland, Estonia, Latvia, Lithuania and Poland, David E. Williams, President of the institution, announced, according to the New York "Journal of Commerce," which also said:

"The Corn Exchange is apparently the only bank in Philadelphia which has established a correspondent relationship with a Soviet banking institution.

"However, several leading New York commercial banks have correspondent relationships with Russian banks.

"The Chase National Bank, American Express Co., Manufacturers Trust Co., Guaranty Trust Co. and the Amalgamated Bank have correspondent relationships with the Bank for Foreign Trade, Moscow, while the Federal Reserve Bank of New York, Chase National Bank, Guaranty Trust Co. and the National City Bank have similar relations with the State Bank of the U. S. S. R."

James B. Davis has recently been elected Vice-President of the First National Bank, Pittsburgh, Pa., it was reported by the Pittsburgh "Post Gazette," which added:

"He served a year with Goldman, Sachs & Co. in New York, and 12 years with the Chemical Bank & Trust Co. of New York."

Appointment of Waldo E. Pierson, President of the First National Bank of Cincinnati, Ohio, to the board of directors of the Cincinnati branch of the Federal Reserve Bank of Cleveland was announced on April 27 by President Ray M. Gidney of the Federal Reserve Bank.

Mr. Pierson was chosen by the directors of the Cleveland Federal Reserve to fill the unexpired term of the late John G. Gutting, President of the Second National Bank of Cincinnati, who was reappointed last Jan. 1 for a two-year term on the Cincinnati board.

Mr. Pierson was previously President of the Midland Acceptance Corp., which was acquired by the Commercial Investment Trust of New York in 1934. He became a director of the First National Bank in 1931, was made Vice-President of the bank in 1934, and President in 1944.

D. F. Valley, Vice-President of the National Bank of Detroit, Detroit, Mich., has been elected a director of the Reserve City Bankers Association of Detroit.

W. L. Hemingway, President of Mercantile-Commerce Bank & Trust Co., St. Louis, Mo., has announced the following promotions among the bank's officers and staff:

Joseph A. McCarthy, Trust Officer, was elected Vice-President; John P. Butler, formerly Associate Trust Officer, was made Trust Officer; George F. Torrey, formerly Assistant Trust Officer, was made Associate Trust Officer; Charles E. Ellison Jr., Manager of the coupon department, was made Assistant Cashier.

Milton W. Rice, Assistant Vice-President of the United States National Bank, Portland, Ore., was recently named War Loan Chairman of the American Bankers Association in Oregon. This will be the third consecutive war loan drive during which Mr. Rice has held this position. The appointment was made on April 24 by W. Randolph Burgess, President of the A. B. A.

Robert M. Alton, after three years in the Army Air Corps, has returned to his position as Vice-President and Trust Officer of the United States National Bank in Portland, Ore.

While in the Air Corps he was assigned to special duty as chief of the Air Corp's contract retraining and settlement division. In that capacity he conducted schools for business men on contract termination procedure.

Industrial Activity in March Reported by Federal Reserve Board

Summary of general business and financial conditions in the United States, based upon statistics for March and the first half of April, issued on April 25 by the Board of Governors of the Federal Reserve System. Industrial activity was maintained at a high level in March. Value of retail sales was at a record for this season of the year.

The Board's report also said:

Industrial Production

"Output at factories and mines was maintained in March at the level of the preceding month, which was 236% of the 1935-39 average, according to the Board's seasonally adjusted index.

"At iron and steel mills production continued to rise and was at about the same level as a year ago. Production of most nonferrous metals also continued to increase in March in response to military needs; zinc shipments rose to a new record level. Lumber production, however, was 12% smaller in March than in the same month last year. Output of stone, clay, and glass products was maintained at the February level. In the machinery industries activity showed little change in March. Output of transportation equipment continued to decline owing to further curtailment of operations at shipyards. Aircraft production was maintained at the February rate.

"In most nondurable goods industries output showed little change from February to March and was at about the same level as in March, 1944. Owing to increased military purchases in recent months, however, supplies available for civilians of such goods as food, textile, leather, and paper products were at the lowest level for the war period. The shortage of carbon black has continued to limit production of essential military and civilian tires and rubber products, but manufacturing facilities are being expanded for output of this critical material. In the chemical industry, production of explosives and small arms ammunition showed less increase than in recent months and output at other chemical plants was maintained at about the February level.

"Production of bituminous coal was at a slightly lower rate in March and declined further in the first week of April when wage contract negotiations interrupted mine operations. Output of anthracite increased in March and the early part of April and crude petroleum production was maintained in record volume.

Distribution

"Department store sales in March showed a further sharp increase and the Board's seasonally adjusted index rose to 224% of the 1935-39 average as compared with 212 in February and 200 in January. In the first half of April sales continued large, after allowance for the usual post-Easter decline.

"Freight carloadings continued to rise in March and the early part of April, reflecting increased shipments of most groups of commodities except coal. In recent weeks, as a result of special efforts to move last year's record wheat crop to market before the 1945 harvest, grain loadings have been in much larger volume than in the same period a year ago. Shipments of ore have also been much greater due to an early opening of the Lake shipping season.

Commodity Prices

"Prices of cotton, livestock, and some other farm products were higher in the third week of April than during March. Wholesale prices of industrial commodities, as a group, have continued to show slight increases in recent weeks.

Bank Credit

"Banking developments during the latter half of March and early April, while following the usual interdrive pattern, were considerably influenced by the large volume of Treasury receipts associated with the March 15 tax date. Adjusted demand deposits at banks in leading cities and currency in circulation both decreased in the latter part of March but resumed their growth in April. The slackened rate of expansion in both deposits and currency was due primarily to tax payments by businesses and individuals.

"Required reserves of member banks increased by around 300 million dollars during the five-week period ending April 18. Excess reserves, which were at a temporarily high level in mid-March largely as a result of the reduction of Treasury deposits at the Reserve Banks in anticipation of tax collections, subsequently declined again to less than a billion dollars. An increase in Treasury and other deposits at Federal Reserve Banks in the latter part of March and early April and resumption of the currency outflow caused a drain on reserve funds which was offset by a further increase of nearly 600 million dollars in Reserve Bank holdings of Government securities.

"At banks in 101 leading cities, Government security holdings declined during the five weeks ended April 18 by 660 million dollars. Bill holdings were reduced sharply, reflecting to a considerable extent declines in the holdings of Chicago banks associated with the Illinois tax date. Certificate holdings declined generally while bond holdings continued to rise. Loans to others than dealers for purchsing and carrying Government securities were reduced by 180 million dollars and commercial loans declined by 230 million dollars.

Congress Hears Plans To Aid Small Business

Small Business Committee hearings in both the Senate and House are continuing, according to Associated Press advices from Washington, which state, April 17, that Secretary of Commerce Wallace told the Senate committee that "an export trade of well over $10,000,000,000 is a possible postwar goal for the United States and one that can be achieved if proper measures are taken," conceding, however, that small business had a lot to overcome if it was to get a significant share of foreign trade.

The House committee, according to an Associated Press report from Chicago, April 27, was told by Leslie J. Oester, farm machinery dealer and Mayor of Mendota, Ill., who testified as a spokesman for the National Tax Equality Association, that more than 30,000 cooperatives were competing "virtually tax free" with heavy tax-paying small businesses. Mr. Oester asserted, the report states, that freedom from payment of Federal income taxes "has made it possible for cooperatives to expand at an annual rate of 33% during the war years, while 1,350,000 independent, tax-paying small businesses have had to close their doors forever."

"The list of businesses in which these tax-free cooperatives are now engaged, or plan to enter after the war, is the list of all the enterprises in which tax-paying little business men have made their livings," Mr. Oester said.